

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

25X1A

COUNTRY China

SUBJECT Monthly Bulletin No. 20, Department of Economics and
Political Sciences, Aurora University.PLACE ACQUIRED
(BY SOURCE)

25X1A

DATE ACQUIRED
(BY SOURCE)

DATE (OF INFO.)

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES. WITHIN THE MEANING OF TITLE 18, SECTIONS 793
AND 794, OF THE U.S. CODE, AS AMENDED, ITS TRANSMISSION OR REVE-
LATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS
PROHIBITED BY LAW. THE REPRODUCTION OF THIS REPORT IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

DATE DISTR. /6-Feb 54

NO. OF PAGES 2

NO. OF ENCLS.

SUPP. TO
REPORT NO.

SOURCE DOCUMENTARY

[Available on loan from the CIA Library is a photostatic copy of Monthly
Bulletin No. 20, dated August and September 48, prepared by the Department
of Economics and Political Sciences, Aurora University, Shanghai. Chapter
titles are as follows:

Conditions of the Cotton Textile Industry.

Forestry in Taiwan.

The Currency Reform of August 19th.

Production of Raw Silk and Silk Trade in China: Annotated Statistics.

Notes on Coal in Kiangsi.

ANNEX

Supplementary Measures for the Readjustment of Finance (August 26, 1948).
Revised Text of Articles 3, 4 and 5 of the Commodity Tax Regulations.]

LIBRARY SUBJECT & AREA CODES

-end-

U.S. Officials Only

CONFIDENTIAL

DISTRIBUTION	STATE -X	ARMY -X	NAVY -X	AIR -X	FBI	ORR-Ev			
--------------	----------	---------	---------	--------	-----	--------	--	--	--

BEST COPY

Available

*THROUGHOUT
FOLDER*

-2-

LIBRARY SUBJECT & AREA CODES

4/746.1	IL/C
4/746.5	IL/C
4/746.5	81L
746.1	81L
746.5	81L
746.5	31L
746.1	31L
729.41	193L
729.412	193L
729.411	193L
729.43	193L
773.11	IL/C
784.2	IL/C
771.2	IL/C
771	IL/C
4/729.7	581L
4/729.7	181L
4/729.7	281L
4/729.7	831L
4/729.7	A81L
4/729.7	981L
7/729.7	IL/C
1/735.1	681L
2/735.1	681L
4/735.1	681L
735.1	681L
771.21	IL/C

CONFIDENTIAL/US OFFICIALS ONLY

25X1A

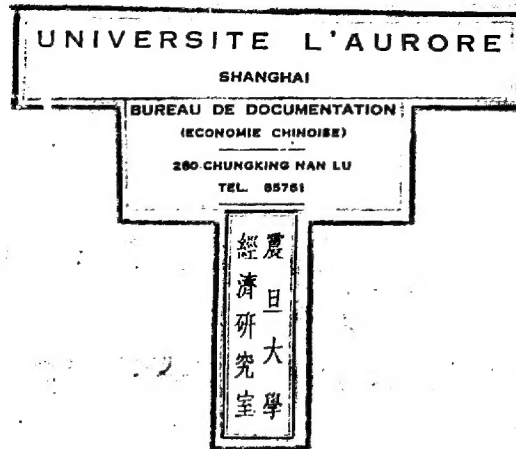
Approved For Release 2001/09/04 : CIA-RDP80-00926A006900050001-2

Approved For Release 2001/09/04 : CIA-RDP80-00926A006900050001-2

99

25X1A

SEPT
1948.
XX.



XX

震旦大學
經濟研究室

UNIVERSITE L'AURE

SHANGHAI

FACULTE DE DROIT

SECTION DES SCIENCES
POLITIQUES ET ECONOMIQUES

BUREAU DE DOCUMENTATION
(ECONOMIE CHINOISE)

280 CHUNGKING NAN LU
TEL. 85761

M O N T H L Y B U L L E T I N

E. S. de BREUVERY
Dean of the Department of Economics
and Political Sciences
Editor

Advisory Board

A. BONNICHON	Dean of the Faculty of Law
M. THORTON	Dean of the Department of Sociology
A. SUNG CHIA-HUAI	Professor of Chinese Civil Law
MICHAEL W.Y. LEE	Research Assistant, Bureau de Documentation
JOHN T.S. CHEN	Research Assistant, Bureau de Documentation

SECOND YEAR

NO.XX - Aug.-Sept. 1948

Contents

DOCUMENT NOS.

- 103. Conditions of the Cotton Textile Industry.
- 104. Forestry in Taiwan.

STUDY NOS.

- XIX. The Currency Reform of August 19th.
- XX. Production of Raw Silk and Silk Trade in China: Annotated Statistics.
- XXI. Notes on Coal in Kiangsi.

ANNEX NOS.

- LXI. Supplementary Measures for the Readjustment of Finance (August 26, 1948).
- LXII. Revised Text of Articles 3,4 and 5 of the Commodity Tax Regulations.

SEE PAGE II

For two important notes

1. On the Land Law: data for starting the levy of the Land Increment Tax in Shanghai.
2. On the Business Licence Tax Law and Rules governing its Collection in Shanghai: temporary postponement for levying the tax in Shanghai in 1948.

II.

EDITOR'S NOTES

1. ON THE LAND LAW revised and promulgated by the National Government on the 29th of April 1946 (see "The New Land Law of China Compared with the Old", by Prof. Sung Chia-huai, published in Monthly Bulletin Nos. IV, V & VI, Documents 23, 30 & 36).

According to information in the Shen Pao (Shanghai) of August 22nd 1948, the Bureau of Administration of the Shanghai Municipal Government has recently announced that the Tax on Land Increment shall be levied in the Municipality of Shanghai beginning from the 1st of September 1948. For detailed provisions and comments concerning this tax, special reference is made to Document 36, pp.6-9.

2. ON THE BUSINESS LICENCE TAX LAW revised and promulgated by the National Government on the 14th of November 1947 (see Monthly Bulletin No. XII; Nov. 1947 - Annex XXXIII); and the RULES GOVERNING ITS COLLECTION IN SHANGHAI promulgated by the Shanghai Municipal Government (see Monthly Bulletin No. XIX; June-July 1948 - Annex LX).

The Bureau of Finance of the Shanghai Municipal Government has recently declared in its letter Shih Ts'ai P'ai (37) Tzu No. 25481, that the levy of the Business Licence Tax in Shanghai for the year 1948, shall temporarily be postponed until further notice (cf. the Bankers' Weekly, Sept. 20th 1948).

(End)

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Editor's Notes

III..

The MONTHLY BULLETIN is edited by the "BUREAU DE DOCUMENTATION" of the Department of Economics and Political Sciences, Aurora University (Shanghai).

Part of the work of the "BUREAU DE DOCUMENTATION" is the systematic filing of all articles in the chief Chinese periodicals (monthly, weekly and daily) which deal with the economic and financial life of the Far East. References on any subject can be found immediately by means of a detailed card index.

The aim of the BULLETIN, which appears on the 20th. of each month, is to put at the disposal of foreigners the economic and financial points of view expressed in articles in the Chinese reviews. A certain number of these articles are carefully chosen and reproduced each month in English, either in full translation or in the form of digests.

Each article translated or summarized is published separately under the heading "DOCUMENT No...." so as to enable each reader to classify them according to his personal system. A classified index will appear at the end of each year.

Where several articles on the same subject are written from widely divergent points of view the BULLETIN summarizes these points of view under the name "STUDY, No...."

When it seems advisable the BULLETIN adds to these Documents and Studies the translation of relevant laws or administrative acts, which form "Annexes" to the Documents or Studies.

The BULLETIN is being published to meet a definite need and any suggestions as to the best way of meeting that need will be welcomed.

Though the selection, translation and summarizing of the articles and other texts is done under the authority of the Dean's Office of the Department of Economics and Political Sciences, the authors, whose names appear on each Document, Study and Annex, are alone responsible for the statements of fact or opinion expressed in them.

As regards the REPRODUCTION of translations and digests published in the Bulletin:

1. The Bureau of Documentation reserves to itself the right of permission for the reproduction of its Documents, Studies and Annexes, either in whole or in part, in journals or reviews published in the Far East.
2. There is no restriction on the reproduction of articles from the Bulletin in other countries, but any editor making use of this privilege is requested to send to the Bureau of Documentation a copy of the review or journal containing the reproduction.
3. Every reproduction should be preceded or followed by the acknowledgment: "From the MONTHLY BULLETIN published by the Bureau of Documentation (Chinese Economics) of Aurora University, Shanghai".

IV.

LIST OF CHINESE PERIODICALS
RECEIVED AT THE
"BUREAU DE DOCUMENTATION"
(September 20th, 1948)

QUARTERLY REVIEW

Heat Power Engineering Journal (Jo Kung Chuan K'an)

MONTHLY REVIEWS

Agricultural Information	(Nung Yeh T'ung Hsin)
Banking Information	(Yin Hang T'ung Hsin)
Capital Market	(Tau Pen Shih Ch'ang)
The Central Bank Monthly	(Chung Yang Yin Han Yueh Pao)
The Chekiang Economic Review	(Chekiang Ching Chi)
Chemical Dyeing	(Yen Hua)
The Commercial Bulletin	(Shang Yeh Tao Pao)
The Communications Monthly	(Chiao T'ung Yueh K'an)
Economic Reconstruction	(Ching Chi Chien She)
The Engineering Monthly	(Kung Ch'eng Chieh)
The Farmers' Bank Monthly	(Chung Nung Yueh K'an)
The Financial Review	(Ts'ai Cheng P'ing Lun)
Flour Industry	(Mien Fen Kung Yeh)
The Hopeh Provincial Bank Monthly	(Hopeh Shang Yin Hang Yueh K'an)
The Hunan Economic Journal	(Hunan Ching Chi)
The Import-Export Monthly	(Chin Ch'u K'ou Mou Yih Yueh K'an)
The Industry & Mining Monthly	(Kung K'wang Yueh K'an)
The Industry Monthly Magazine	(Kung Yeh Yueh K'an)
The Journal of Finance & Industry	(Shih Yeh Chin Jung)
The Juristic & Economic Review of Aurora University	(Chen Tan Fa Lu Ching Chi Tsa Chih)
The Lih Hsin Monthly Review	(Lih Hsin Yueh K'an)
The Maritime Development Monthly	(Hsi Chien)
Modern Economics	(Hsien Tai Ching Chi)
Modern Highways	(Hsien Tai Kung Lu)
Monthly Bulletin of the Fu Hsing Industrial Bank	(Fu Hsing T'ung Hsin Yueh K'an)
The Native Bank Monthly	(Ch'ien Yeh Yueh Pao)
National Reconstruction	(Chung Kuo Chien She)
The Nung Pao	(Nung Pao)
Oriental Review	(Tung Fang Tsa Chih)
The Popular Science Monthly	(Ke Hsueh Hua Pao)
The Rural Affairs Monthly	(Nung Ts'un Yueh K'an)
Scientific China Monthly	(Ke Hsueh Ta Chung)
The Taiwan Engineering Monthly	(Taiwan Kung Ch'eng Chieh)
Textile Reconstruction Monthly	(Fang Chih Chien She)

SEMI-MONTHLY REVIEWS

China Cotton Information	(Chung Kuo Mien Hsin)
The New China Magazine	(Hsin Chung Hwa)

WEEKLY REVIEWS

The Bankers' Weekly	(Yin Hang Chou Pao)
The Central Bank Weekly	(Chin Yung Chou Pao)
The Economics Weekly	(Ching Chi Chou Pao)
The Economic Review	(Ching Chi P'ing Lun)
The New Road	(Hsin Lu)
The Observer	(Kuan Ch'a)
The Textile Weekly	(Fang Chih Chou K'an)
The Weekly Review of Laws	(Fa Ling Chou K'an)

DAILY PAPERS

Chin Yung Jih Pao - Chung Yang Jih Pao - Shang Pao - Shou Pao - Sin Wen Pao -
Ta Kung Pao

U N I V E R S I T E L ' A U R O R E

= S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Topics:	Conditions of the Cotton Textile Industry.	Document No: 103 Nature: Translation, final section omitted.
Authors:	Chi Ch'ung-wei	Number of pages: 12
Periodical:	The Textile Weekly (Fang Chih Chou Kan)	Remarks: Original title is: "Present Status and Trends of the Cotton Textile Industry."
Date of Issue:	July 1, 1948.	

CONDITIONS OF THE COTTON
TEXTILE INDUSTRY.

Although this article shows a certain bias and lack of discrimination, - chiefly in its second half - it is given there for the information of our readers of representing criticisms often expressed among private cotton mill owners.

The Editor

I. - Recent Production.

The restoration of the cotton textile industry in China since the war has been smooth and rapid for the following reasons. Owing to its concentration in large coastal cities, the industry has suffered little destruction or loss from civil warfare, and since the war, the demand for cotton goods, both at home and abroad, has exceeded the supply, so that the profits have been relatively high. Again, immediately after the conclusion of the war, the foreign exchange policy was favorable to the industry and the supply of cheap US cotton was abundant; and although the supply of native cotton has occasionally been interrupted in the past year, the industry has managed to carry on by using the raw cotton in stock, UNRRA supplies, and cotton exchanged for cotton goods from abroad.

The trend towards increase of production since the fall of 1945 is shown in the following table, to which prewar production figures are attached:

Year	Output of Cotton Yarn (bale)	Output of Cotton Piece Goods (bolt)
1932	2,398,093	20,233,710
1933	2,449,318	20,121,900
1934	2,386,476	23,465,437
1935	2,402,775	24,983,078
1936	2,126,763	25,889,375
1937	2,141,177	30,478,850
1946	1,300,000	13,930,000
1947	2,050,000	22,400,000

The figures for 1946 and 1947 are estimated according to statistics published by the China Textile Industries Development Incorporated, and member factories of the Sixth District Cotton Textile Industry Association. Thus we learn that the output in 1947 was near the 1937 level, though still below that for the period 1934-37.

The postwar production of cotton products in China is represented concretely by the output of the China Textile Industries Development Incorporated (CTI) and the member factories of the Sixth District Cotton Textile Industry Association. The following table shows the CTI output since 1946:

Monthly Output of Cotton Yarn and Cotton Piece
Goods of the China Textile Industries Development
Inc. During the Period Jan. 1946-April 1948.

Month	Cotton Yarn (bale)	Cotton Piece Goods (yard)
1946 January	4,932.84	4,880,458
February	9,510.35	8,399,863
March	18,763.52	18,474,399
April	27,174.21	26,596,917
May	32,330.58	29,765,642
June	34,738.21	32,572,602
July	40,291.21	38,514,717
August	43,342.75	39,756,359
September	44,891.68	39,079,105
October	53,170.63	45,326,035
November	58,719.8	48,427,034
December	58,537.94	49,037,843
Total for 1946	426,403.90	380,830,974
1947 January	47,728.51	40,039,524
February	56,422.66	47,146,275
March	61,547.65	51,122,297
April	68,648.26	56,970,868
May	66,289.18	56,057,811
June	62,015.16	53,929,337
July	62,140.80	54,564,801
August	67,885.04	52,988,661
September	67,337.39	58,823,730
October	65,454.81	58,246,399
November	65,454.81	56,001,411
December	58,699.15	50,374,600
Total for 1947	745,689.78	637,111,747
1948 January	58,419.31	49,503,589
February	50,658.91	42,472,541
March	65,952.33	56,825,991
April	65,482.96	55,804,602

The above table indicates clearly that the production was on an upward trend until April 1947. The decline which followed, was due to four main causes: the power shortage in Shanghai affected the operation of the factories; the spread of civil warfare in the north-eastern provinces reduced the output by 3/4 to 12/20; the operation of plants in Tsingtao and Tientsin was interrupted owing to the coal and cotton shortage; the output in February 1948 was lower as a result of the Chinese New Year holidays.

The production figures for March and April this year were mounting, but were still below the peak of April and May 1947.

Meanwhile, the operation of private mills in Kiangsu, Chekiang and Anhwei, all under the Sixth District Cotton Textile Industry Association, has been more successful than that of the China Textile Industries Development Inc. as shown in the following table:

Output of Cotton Yarn and Cotton Piece Goods
of Private Mills under the Sixth District
Cotton Textile Industry Association
January 1946 - April 1948.

	Month	Cotton Yarn (bale)	Cotton Piece Goods (bolt)
1946	January	29,284	85,386
	February	25,888	90,721
	March	39,065	138,765
	April	44,102	222,253
	May	54,180	277,346
	June	54,837	333,975
	July	62,638	330,143
	August	66,204	344,930
	September	66,492	359,826
	October	76,500	418,171
	November	80,114	302,525
	December	81,488	446,047
	Total for 1946	680,792	3,349,388
1947	January	67,605	393,692
	February	74,561	480,655
	March	80,580	559,572
	April	81,852	594,823
	May	83,943	606,891
	June	79,585	658,428
	July	79,146	572,016
	August	78,456	566,449
	September	85,104	625,236
	October	89,640	662,520
	November	89,200	609,387
	December	89,015	689,833
	Total for 1947	978,687	7,020,802
1948	January	83,998	722,036
	February	83,726	741,258
	March	94,674	784,135
	April	89,733	762,227

Note : The figures for the months January-April 1948 indicate the production of large private mills in Kiangsu, Chekiang and Anhwei; the output of small mills, with 120,000 spindles being not included.

From the above table, we might notice that the output of the private mills was ever on an upward trend since 1946, though owing to the power shortage in Shanghai and Chinese Lunar New Year holidays, a decline was noted in June-August 1947 and January-February 1948. The output became high again in March 1948, and dropped in April due to the cotton shortage. However the output of cotton piece-goods was above that in December 1947. All in all, the total production of cotton yarn of the private mills in the sixth district in 1947 surpassed that in 1946 by 41% and cotton piece-goods, 109%. The increase made in 1948, as compared with that in 1947, has been limited. As compared with that in the last year, the output of cotton yarn in April 1948 increased by 9.6%, that of cotton piece-goods, 28%; and as compared with that in December 1947, cotton yarn increased by 8%, and cotton piece-goods, 10%.

The improvement of the operating rate of the CTI and private mills in the sixth district is compared in the next table:

Month	<u>% of Yarn Spindles</u> <u>in operation</u>		<u>% of Looms in operation</u>	
	<u>Private Mills</u>	<u>CTI Mills</u>	<u>Private Mills</u>	<u>CTI Mills</u>
1946 January	42	31	19	36
February	45	24	23	32
March	54	41	28	51
April	61	57	34	63
May	66	66	44	70
June	70	64	43	69
July	72	68	44	60
August	74	68	46	63
September	77	67	49	62
October	82	75	51	76
November	81	71	53	63
December	82	64	55	57
Average, 1946	67	58	41	58
1947 January	82	68	50	60
February	84	73	52	63
March	85	75	57	65
April	79	78	59	67
May	84	78	66	68
June	85	78	69	65
July	84	74	69	63
August	84	75	70	64
September	87	82	72	69
October	87	79	65	66
November	88	79	74	66
December	88	81	73	67
Average, 1947	85	77	65	65
1948 January	94	78	82	66
February	93.6	78	80	64
March	94.3	84	81	70
April	94.5	84	79	71
Average, 4 months	94	81	80	68

From the above table we may conclude that the operating rate of all the mills has been increasing, but the increase of operating rate of the private mills has been more rapid than that of CTI mills. Despite the objectively favorable environment of the CTI, the private mills have shown more active effort in restoring productivity.

With an operating rate of 94% for spindles of private mills, 81% for CTI spindles, 82% for looms of private mills, and 71% for CTI looms, the productivity of all the mills has almost reached saturation point. Unless new machines are installed, or new stimulating factors are present, neither the state-operated nor the private mills can appreciably increase their production.

The production of textile mills in Tsingtao and Tientsin may be represented by the figures for the CTI plants in these two places.

Output of Cotton Yarn and Cotton Piece Goods
of CTI Plants in Tsingtao and Tientsin
1946 - 1948.

Period	Cotton Yarn (bale)		Cotton Piece Goods (bolt)	
	<u>Tsingtao</u>	<u>Tientsin</u>	<u>Tsingtao</u>	<u>Tientsin</u>
1946 monthly average	7,112	6,618	155,829	179,026
1947 monthly average	12,178	15,375	266,547	404,122
1948 January	5,062	17,591	103,115	461,373
February	7,558	13,155	159,063	341,734
March	9,511	18,565	209,182	496,240
April	13,000	12,647	292,417	360,023

On account of the coal shortage, the plants in Tsingtao have partially suspended operation for a considerable length of time since the end of last year. Their original productivity had not been restored even by April. The plants in Tientsin were one after another forced to suspend production for two months this year owing to the shortage of raw cotton and coal. Continuous production in these plants will depend on the supply of raw materials and coal.

No statistics are available for the production in other districts.

II. - Textile Equipment Added and Scrapped
during the Past Two Years.

According to the National Textile Industry Association, the equipment of all the textile mills in China in 1947 was as follows:

<u>District</u>	<u>No. of Mills</u>	<u>Yarn Spindles</u>	<u>Thread Spindles</u>	<u>Looms</u>
1st District (Szechuan)	18	193,772	---	1,196
2nd District (Shensi)	6	94,865	1,152	1,566
3rd District (Yunnan)	3	29,476	---	140
6th District (Kiangsu, Chekiang, Anhwei)	156	2,925,508	387,156	33,891

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Document 103 - Page 5

7th District (Hopeh)	12	443,633	50,124	10,721
8th District (Hunan, Hupeh, Kiangsi)	9	217,800	1,240	34
9th District (Shantung)	12	403,000	41,580	8,467
Shansi, Honan, Taiwan				
Kwangtung, North East	22	387,760	15,806	6,540
Foreign mills	3	66,141		48
Total	241	4,761,955	507,058	64,013

The losses of cotton mills are heaviest in the Northeast. Of the five mills taken over by the China Textile Industry Development Incorporated in Liaoyang, Yingkow, Chingchow, Antung and Fuchow, with 223,208 yarn spindles, 13,420 thread spindles and 5,330 looms; the mills at Antung, Liaoyang, Yingkow and Fuchow were lost (though 20,000 yarn spindles were removed from Liaoyang to Mukden) and only the mills at Chingchow and Mukden remain with 70,000 spindles. The Ta Hsing Textile Mill at Shih-chiachuang, Hopeh, with 20,833 yarn spindles and 500 looms, also fell into the hands of the Communists with the fall of that city last year. Paochi and Ts'aichiap'o, Shensi came under Communist occupation recently, but fortunately, the Shen Hsin No.4 Mill and the Tsaichiap'o Textile Mill escaped destruction.

The number of machines in the mills in Shanghai, Kiangsu, Chekiang, and Anhwei has been increasing since 1946. The number of yarn spindles had been raised from 1,789,512 in January 1946 to 1,893,979 in December 1946; that of looms, from 14,942 in January to 17,674 in December 1946. 120,263 yarn spindles and 1,179 looms were added in the year 1947. By the end of December 1947, the mills in the sixth district possessed 12,012,488 yarn spindles and 18,853 looms. During the period July 1947 - April 1948, 12 new textile mills were established with 65,388 yarn spindles and 436 looms.

In the CTI mills in Shanghai, 16,580 yarn spindles and 1,610 looms have been repaired since January 1946. The mills now possess 897,556 yarn spindles and 18,197 looms.

III. - Cotton Control¹⁾ and the Textile Industry.

The Cotton Control Commission has been established for 5 months. What has it accomplished? How has it influenced the textile industry?

The Cotton Control Commission was created to enforce an overall control of cotton, cotton yarn and cloth with a policy of collection and centralized marketing, spinning and weaving of raw cotton. The Commission has failed in all these aims, and because of political entanglement, its policies have changed frequently and irregularly. For instance, at first the collection of cotton was entrusted to the China Textile Industry Development Incorporated, later, as a result of their protest to the Joint Office of Cotton Merchants in Shanghai, and finally in answer to their appeal, the cotton merchants in Hupeh were also included. Regarding the purchase of cotton by cotton mills, the Commission originally ruled that mills with less than 2,000 spindles might themselves undertake the purchase, yet, finally when the Commission could not furnish the cotton required, permits to purchase were issued to all mills. The official price of cotton, under the manipulation of the cotton merchants, has been raised frequently, following the market price; when the price was high and all mills

EDITOR'S NOTE: 1) See also "Cotton Control in China: its many difficulties" in Monthly Bulletin No.XVII (April 1948) Study XVI.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - Document 103 - Page 6

were busy purchasing, the Commission stopped buying, and when the price was high in Shanghai, it dumped cotton. Stranger still, the Commission sold and bought cotton in Shanghai at the same time. All these facts show that the control has been a gross failure.

In the past five months, only 500,000 tan of cotton have been collected by the China Textile Industry Development Incorporated, the Joint Office of Cotton Merchants and the Commission itself. This is far below the original aim of 5,000,000 tan for this year which was later cut down to 3,000,000 tan. As a consequence of failure in the collection of cotton, the overall cotton control plan came into a state of bankruptcy, for without cotton, neither centralised spinning and weaving, nor control, is possible. To pacify the textile mills the Commission occasionally allocated a small quantity of cotton to them in exchange for cotton yarn, on exacting terms.

The "accomplishments" of the Cotton Control Commission in the past five months have indicated that the control of cotton, yarn and cloth and the policy of centralised collection and sale of cotton are not feasible. We do not regret the failure of the Commission for if the Commission were determined and competent, the failure would have been much more tragic and the losses of productive enterprises would have been much greater. Nevertheless, the cotton textile industry has been greatly harmed by the Commission because :

i/ Owing to lack of planning and preparation the collection policy of the Commission caused the mills to miss the time for collection of native cotton, thus deepening the crisis of the shortage of raw materials.

ii/ Owing to the former discriminating attitude of the Commission in the export of cotton goods, it failed to obtain large quantities of cotton from India.

iii/ The severe control has created such an atmosphere that the management as well as the people in the business are thrown into a state of fear and annoyance, thus greatly reducing their efficiency. Hongkong has been chosen for the establishment of new mills. Capital has found its outlet in hoarding, or the purchase of US notes and gold. Even the technical staff have shown little interest in improving the productive technique.

iv/ The Commission, employing more than 700 staff members, has raised its monthly outlay from CN\$30,000,000,000 to CN\$60,000,000,000. An American adviser with a monthly salary of US\$2,000 has been engaged recently. All these expenses are borne by the textile industry using up the fund for its improvement as regulated by the Ministry of Economic Affairs. The Commission has had to make money by monopolising the trade in cotton goods in order to cover its expenses. Being a parasite, living on the textile industry, the Cotton Control Commission has done nothing for the betterment of the textile industry in the past five months, but only threatened, interfered and set up handicaps. The continuous existence of this organization can only be unfavourable to the textile industry as well as to the government. 1)

EDITOR'S NOTE: 1) On July 17th the Legislative Yuan made a resolution asking for the prompt abolishment of the Cotton Control Commission.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - Document 103 - Page 7

IV. - Some Important Problems Facing the
Present Cotton Textile Industry.

1. - Shortage of Raw Cotton.

The cotton shortage constitutes the most urgent problem facing the cotton textile industry today. The gravity was first realized by the plants in Shanghai in February and March this year. The raw materials then in stock in the mills in Shanghai had dwindled to a low level, and it was through the supply from local sources and other cities, Indian cotton exchanged for cotton yarn and piece goods, and an emergency allotment from the Cotton Control Commission that the industry managed to carry on, without reducing its scale of operation. The impression may have been given that since the Shanghai mills have maintained production up to the present, their declaration that stocks were sufficient only for a few days was made merely for purposes of propaganda. However, as we know, only mills with less than one month's stock of raw materials were eligible to apply for emergency cotton allotments from the Cotton Control Commission. According to figures published by the said Commission, up to May 29, 1948, forty three mills, in Shanghai and other cities, had concluded contracts or initiated procedure for allocation of cotton, totalling 13,146,265 pounds, i.e. 120,000 shih tan; that is to say the cotton in stock of the 43 mills was so low that they could not carry on for another month, and the Cotton Control Commission had to be relied upon for supply. The continual supply of 100,000 bales of raw materials derived from CNRRA and Cotton Goods Export Commission (foreign cotton exchanged with exported cotton yarn and piece goods) in the past two or three months have also helped to maintain the operation of the industry. Nevertheless, because of the cotton shortage, CTY mills in Tientsin and Tsingtao have suspended operation several times.

Out of the 4,700,000 spindles in China, 3,700,000 spindles are in the mills in Shanghai, Kiangsu, Chekiang, Anhwei, Tientsin and Tsingtao with a monthly requirement on the basis of one pound of cotton for each spindle for 24 hours and 26 working days in every month of 96,200,000 pounds, i.e. 874,000 shih tan (192,400 bales), of cotton. Yet the Cotton Control Commission has so far collected less than 500,000 shih tan, part of which has not yet been despatched to Shanghai from producing areas. More than 100,000 tan have been exchanged for yarn or sold in Shanghai; therefore the quantity of cotton that could be utilized by the cotton mills would not run to more than 1-200,000 tan.

So far the Cotton Products Export Commission has ordered or exchanged for yarn, 70,000 bales from abroad, and the 28,000 bales of cotton imported without license have been allocated to be spun by the various mills. There is no way of ascertaining the definite amount of the US-aid cotton, and it is also unknown whether the whole batch of US-aid cotton will be forthcoming this year, for the US government has ruled that the aid is to be utilized in fifteen months. Even if 350,000 bales can be obtained, the supply of foreign cotton for the textile mills in the second half of this year will be only a little over 400,000 bales.

If the war situation in Shensi and Hupeh does not deteriorate, several hundred thousand tan of native cotton may be collected in the coming months. Thus, with imported cotton, the mills may be able to carry on until September or October when the new crop of cotton is harvested.

Since a large part of the cotton-producing area is outside the control of the government, the situation may worsen after the fall. Without native or imported cotton, the shortage of raw materials of the textile industry would be serious at the end of this year.

2. - Removal of Textile Mills to Hongkong.

More than ten textile mills with 180,000-190,000 spindles have been established in Hongkong since the second half of 1947. Why, being affiliated with the home textile industry, are they set up in Hongkong, which is unsuitable for the development of the industry? The main reason is that, its importation not being allowed the machinery ordered from abroad has had to be despatched to Hongkong for the time being. Furthermore, the lack of raw cotton, the insecure conditions, and Government restrictions in China have combined to drive out industrial capital. In his statement to the press, Mr. Yung Hung Yuan, General Manager of the Shen Hsin Textile Company, who has just returned from an inspection tour in Hongkong, clearly explained, "Since my trip to Hongkong, I have realized that the abnormal prosperity enjoyed by that tiny island has been caused by the civil warfare and unreasonable Government control of commerce and industries in China. The industrialists in northern and central China have been forced to remove their factories to Hongkong and capital has inevitably flowed abroad. If the Government had permitted the import of machinery paid for with self-provided foreign exchange, they would not have been installed in Hongkong"...(Ta Kung Pao, Shanghai, May 26, 1948).

Mr. Yung spoke the truth. But instead of endeavouring to settle the problems of the import of machinery, the shortage of raw cotton and the control of cotton, yarn and cotton piece goods, the authorities have repeatedly announced the Government's resolution that no yarn spindle should be exported. In fact, none has been removed to Hongkong from China. The machine now in Hongkong were ordered from abroad. It is a pity that the Government has not drawn up any preventive measures, not to mention trying to gain back the machinery now in Hongkong.

3. - Replacement and Installation of New Machinery.

Including the 1,700,000 spindles taken over from Japanese mills in China, there are 4,700,000 spindles in this country, which is still below prewar level of 5,000,000 spindles. Despite the fact that the home market is low owing to the civil warfare and that export is not very well developed, the supply of cotton yarn is still below the demand. The demand should therefore be immense once peace is restored in this country, so that the increase of new textile machinery is essential.

In the two years since the victory, only a limited number of new spindles, apart from those repaired, have been installed. For instance, in the sixth district, that is Shanghai, Kiangsu, Chekiang and Anhwei, only 220,000 spindles and 3,900 looms (not including the looms in mills for both dyeing and weaving) were added by private mills in 1946 and 1947. The number added in other districts was much less. With all the difficulties, it will be hard for the textile industry to add any new machinery: but, without effort the goal of 10,000,000 spindles will never be attained. Moreover the existing machinery will become old and deteriorate, and the textile industry will not only be incapable of development but will be unable to maintain its original level.

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Document 103 - Page 9

The authorities seem to have given superficial attention to the development of the textile industry. A 5-year plan aiming at an increase of 5,000,000 spindles (later revised to 3,000,000 spindles) was brought up at the Textile Industry Production Meeting held under the auspices of the Ministry of Economic Affairs in October last year. At the Textile Machinery Manufacture Meeting held in Shanghai by the Ministry of Economic Affairs on March 12, 1948, a resolution was passed to manufacture 200,000 spindles and 7,000 looms in one year. This second plan seems to be more practical. In the second meeting, detailed points concerning the types of machines, raw materials required, plants undertaking the manufacture, financial resources, etc., were also formulated and a Supervisory and Guidance Commission for the Manufacture of Textile Machinery was created and put in charge of the undertaking. Up to the present, the Commission has been organized, but the manufacturing has not been begun. Actually, it would not be difficult for China to produce 200,000 spindles in one year, provided there were strong organizing power and sound coordination.

It is strange that the Government is promoting the manufacture of textile machineries at home and at the same time forbidding the import of machines which have been ordered from abroad and delivered. The Government's attitude is based on the ground that there is little foreign exchange to be granted for the purchase of machinery from abroad and if the import of machinery paid with privately owned foreign exchange were allowed, the industrialists would have to seek foreign exchange from the black market thus stimulating the rise of commodity prices. Nevertheless, there are ways of settling the problem, provided the Government has determination and sincerity. The Government should make an overall investigation on the textile machinery ordered from abroad, and the margin of foreign exchange paid, and then direct the mills to import the machinery by instalments paid with foreign exchange derived from the export of cotton goods. This measure compares favorably with the present practice of forcing the industrialists to purchase foreign exchange from the black market to pay for machinery and the construction of buildings in Hongkong.

4. - The Export of Cotton Goods.

Ever since the conclusion of the war, the Chinese textile industry has dreamed of taking over the market in the South Sea Islands, formerly controlled by Japanese goods. Owing to internal restlessness and the lack of foresight the quantity of cotton products exported has been far below the original expectation.

Owing to urgent needs at home, the Government at first prohibited the export of cotton goods, until at the beginning of 1947, in order to obtain much-needed foreign exchange, the China Textile Industry Development Inc. was permitted to export a part of its products. After the resignation of Mr. T.V. Soong, and the establishment of the Textile Enterprise Regulating Commission, the Government at the request of private mills, set up a Cotton Products Export Commission and permitted the export of 1/10 of the native cotton products, the figure being later increased to 2/10. The China Textile Industry Development Inc., during the period Feb. 1947-April 1948, fourteen months in all, according to its own records exported 6,533 bales of cotton yarn and 188,503 bolts of cotton piece goods directly, 4,647 bales of cotton yarn and 648,300 bolts of cotton piece goods on behalf of the Central Bank of China, US Bonds, 3,033 bales of cotton yarn and 74,678 bolts of cloth on behalf of the Central Bank of China for US. Dollar Bonds; 8,313

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Document 103 - Page 10

bales of cotton yarn and 639,489 bolts of cotton piece goods for the Cotton Products Export Commission; totalling 22,525 bales of cotton yarn and 1,550,979 bolts of cotton piece-goods. Thirty to forty thousand bales of cotton yarn were also exported by private mills either in direct exchange for Indian cotton or for cotton through the Cotton Products Export Commission. These figures are small in consideration of the high demand throughout the world and our supplying capacity. It is a pity that we have not grasped our opportunity in the past two years when the world has been facing a serious shortage of cotton products.

Why has the export of cotton goods not been as successful as had been expected? The words of Mr. Chang Shun-kung, one of those who actually participated in the work, might be noted: "The China Textile Industry Development Inc. might undertake the export of cotton products, but it is already over-burdened with the work of supplying the troops and civilians, and the stabilization of the prices of cotton goods is an important part of the national economy. Besides, the procedure in official establishments is too complicated. Only 8,000 bales of cotton yarn and 400,000 bolts of cotton piece goods, i.e. 5-8% of its output, were exported in the past four months by the firm. The export of products of private mills has been complicated by the procedure of exchanging yarn or cloth for cotton at the Cotton Products Export Commission which, instead of promoting export, has found pleasure in such passive work as checking, examination, registration, and exaction, exploiting the interest of private mills. While giving no direction regarding the development of the textile industry, it is ever on the watch lest the child be spoiled by being given too much candy". (The Textile Weekly Vol. IX. No.15.)

The fact remains that, besides this lack of assistance, the Government has actually participated in the division of the loot. The export of cotton goods must be approved by the Cotton Products Export Commission, 60% of the profit going to the Central Bank of China and the remaining 40% to the textile mills. As already mentioned a half of the export took the form of exchanging yarn for cotton. For every bale of 20's yarn, 726.75 pounds of cotton are given by the Central Bank, which thus reaps a huge profit. No wonder the Government has been very strict in examining the exchange rates adopted by the mills in exchange for foreign cotton. Many business transactions have not been approved. It has not been realised that while the quotations of cotton products are dropping throughout the world, the maintenance of our prices only spoils the opportunity for export.

The export of cotton products has been further handicapped by the prevalent smuggling. Since only 20% of the cotton products are allowed to be exported, and as a result of the depreciation of Chinese currency, a large quantity of cotton products find their way to Hongkong from Canton. The flood of smuggled goods has caused the prices in Hongkong to drop, thus affecting the sale of legally exported cotton products.

The smuggling is not limited to cotton yarn and piece goods. Owing to the unfavourably low exchange rate, many other cotton products have been smuggled out too. This is one of the main causes which have prevented a large-scale export of cotton products.

Many people are afraid of the threat of competition from the Japanese textile industry. It should be known however, that there are only 2,000,000 spindles in Japan at present, as against China's 4,700,000 spindles. Whereas a part of the cotton used in China is native cotton, Japan has to use American cotton entirely. And the labor costs in Japan are almost as high as in China. Thus, with a sound policy, and cutting the prices and profit to a reasonable level, our products might compete with those of Great Britain, USA, Japan or other countries. The quality of the goods should be such that they might appeal to foreign taste. Under these conditions the textile industry in China might find itself in a superior position in the world market.

(End)

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubai)
Tel:85761

Topic:	Forestry in Taiwan	Document No: 104
Author:	T'ang Chen-hsu, Director of the Forestry Bureau, Taiwan Provin- cial Government.	Nature: Digest. Number of pages: 11 Remarks: See Appen- dix concerning forest product industries on p. 9 ff.
Periodical:	The Taiwan Engineering Month- ly (T'ai Wan Kung Ch'eng Chieh)	
Date of Issue:	March 20, 1948	

FORESTRY IN TAIWAN

I. Forests on the Island.

Forests cover 1,901,040 hectares or 52.83% of the whole area of Taiwan (see Table I below) while pasture land occupies 562,552 hectares or 15.64%. Rich reserves of valuable trees totalling 185,243,338 cubic metres (see Table II) are found in the sub-tropical and temperate zones: broad leaved trees on the Central Mountain Range stretching northward from the Tawushan along the Hengch'un Peninsula; coniferous woods on the Northern and Western slopes of the Alishan and Mount Morrison near the centre of the island; and mixed forest on the Luantashan also near the centre and on the Luch'angtashan and Ch'ilanshan in the North.

Table I. Areas covered by different categories
of trees in Taiwan.

Broad leaved timber	683,560 hectares
Coniferous timber	187,484
Mixed broad leaved and coniferous timber	133,626
Bamboo forests	2,645
Land bearing scattered trees of various kinds	91,323
Tree plantations	42,660

Table II. Reserves of timber trees.

A. BROAD LEAVED TREES:	
Taxus cuspidata Set Z.	174,403 cub. m.
Zelkova formosana Hayata	146,450
Cinnamomum camphora Nees.	100,387
Acacia confusa Merrill	77,055
Others	105,742.566
TOTAL	108,247,955 cub. m.

B. CONIFEROUS TREES:

Chamaecyparis formosensis	
Matsum	17,518,821 cub. m.
Chamaecyparis obtusa Sieb	16,879,983
"Hsiang Shan" cedar	1,100,196
Taiwania cryptomerioides Hay.	649,606
Cryptomeria japonica Donn.	19,702
"Chia Sung" pine	5,787,834
Other pines	10,934,432
Picea morrissonicola Hay.	4,058,882
Tsuga chinensis	3,006,928
Libocedrus formosana	438,907
Others	600,092
TOTAL	78,995,383 cub. m.

Generally speaking, the trees on this island are distributed in the following areas:

a) BROAD LEAVED TREE AREAS: These are the most flourishing of all forested regions and cover the largest area. The trees consist mainly of Fagaceae, though coniferous trees are intermixed in some parts, e.g., Keteleeria davidiana Beissen in the Southern and Northern parts, and Pinus densiflora Set 2. in the Central part (300 - 2,300 m. above sea level). The principal kinds of broad leaved trees are as follows:

Machilus kusanoi Hayata	Bischoffia javanica Bl.
Lithocarpus uraiiana Hayata	Castanopsis taiwaniana Hayata
Lagorstroemia subcostata Kochne	Castanopsis kawakamii
Juglans formosana Hayata	Taxus chinensis
Pistacia chinensis Bunge	Quercus Morii
Zelkova formosana Hayata	Engelhardtia formosana
Var formosana Kan	

b) CONIFER AREAS: Forests in high mountain sectors consist of coniferous trees only. Though these regions differ in height in the South and in the North, their average altitude is more than 1,800 m. above sea level. Chamaecyparis formosensis Matsum grown on lower land and Chamaecyparis obtusa Sieb in higher parts, form the largest reserves. Other trees are:

Keteleeria davidiana Beissen	Pinus formosana Hay.
Tsuga chinensis	Pinus armandi Hay.
Cunninghamia konishii Hay.	Abies kawakamii Hay.
Picea morrissonicola Hay.	Taiwania cryptomerioides

c) COASTAL AREAS: Forests which can stand the sea water when tides are high, appear on the Northern and Southern coasts, while they are a rarity both in the well cultivated West and on the Eastern coastal areas where precipices predominate. Such coastal forests are especially found in the Eluanpi-Hengoh'un sector on the Southern tip of the island. It is believed that their seeds were floated there from the South Pacific islands, with the help of the monsoons. There exist in this group more than 300 varieties, the most important of which are mentioned below:

Palaquium formosanum Hay.	Pongamia pinnata
Calophyllum inophyllum	Sideroxylon duclitan
Barringtonia asiatica	Sideroxylon feraugineum
Buchanania arborescens	Terminalia catalpa
Excoecaria agallocha	Pittosporum tobira
Thespesia populnea	Entada phaseoloides
Hernandia ovigera	Freycinetia formosana
Pemphis acidula	Pandanus odoratissimus

d) AREAS OF RHIZOPHORA MUCRONATA LAM.: This kind of tree thrives best near bays and the mouth of rivers; but as the soil of such areas is far from fertile on the island, its growth has been limited to a small region along the coast near Kaohsiung. The following are some of the important species grown in this zone:

<i>Rhizophora mucronata</i> Lam.	<i>Centiops tagal</i>
<i>Avicennia marina</i>	<i>Bruguiera conpignata</i>
<i>Sonneratia racemosa</i>	

e) AGRICULTURAL PLANTATIONS: Banana, tea and other agricultural products are planted both on the plains and in mountainous regions of rather high altitude. Some of the more important are given below:

<i>Acacia confusa</i> Merrill	<i>Mallotus japonicus</i>
<i>Liquidambar formosana</i> Hance	<i>Aphananthe aspera</i>
<i>Alniphyllum pterocarpum</i>	<i>Melastoma septemneevium</i>

II. Exploitation.

Large-scale and systematic exploitation of the forests in Taiwan is now being simultaneously undertaken by six local offices under the Forestry Bureau: the Forestry offices of the Alishan, Pahsienshan, T'ai-p'ingshan, Chutung, Luantashan and T'ai-luke. The timber output of these offices during the year 1947 was as follows: (in cubic metres)

Forestry Office	Total	Timber		Plantations	
		from Natural Forests		From (Coniferous Trees)	Timber Products in Mountains (Coniferous Trees)
		Coniferous Trees	Broad Leaved Trees		
Alishan	23,221.511	14,541.434	5,005.031	3,675.046	981.072
T'ai-p'ingshan	37,517.654	37,517.654	---	---	---
Pahsien-shan	16,660.176	16,660.176	---	---	2,623.067
Chutung	7,890.618	3,356.226	2,059.059	2,439.333	407.779
Luantashan	2,405.600	2,405.600	---	---	1,065.728
T'ai-luke	1,653.567	1,653.567	---	---	---
GRAND TOTAL	89,349.126	76,134.657	7,064.090	6,114.379	5,077.646

Of the above 6 forested regions, the Alishan, Pahsienshan and T'ai-p'ingshan are the most completely equipped. The following sections will give some idea as to the present conditions of these three regions.

1. The Alishan Forested Region.

The forests, covering most of the mountains at Chiayi and a part of Toulieu (both in the Tainan District), have a total area of 31,922 hectares, of which 10,100 hectares can be exploited. Lying near Lat. 23°5' N., the region is crossed by the Tropic of Cancer; its lowest part is at Chuoh'insiang, Chiayi, 150 m. above sea level, and the highest at Julingshan, 2,904 m. above sea level. It is estimated that there is now a total reserve of 6,100,000 cub. m. of trees (3,100,000 cub. m. of broad leaved timber and 3,000,000 cub. m. coniferous).

Alishan which is the largest forested mountain, is being exploited by the Alishan Forestry Office whose work now consists mainly in the collection and transportation of the 83,400 m. of logs already felled in the past, which, according to the present transportation capacity, will be completed within 4 years.

The Alishan Forestry Office possesses the following equipment:

a) FOR COLLECTION OF LOGS: There are 9 log-collecting machines.

b) FOR TRANSPORTATION: Railroads at the Alishan reach a total length of 110 km., with 20 steam locomotives, 3 gasoline locomotives, 1 gasoline car, and 306 passenger and freight cars. The engineering work of the railways in Alishan is world-famous. The length of the various lines and the number of tunnels and bridges along them are indicated in the following table:

<u>Name of Line</u>	<u>Length</u>	<u>No. of Tunnels</u>	<u>No. of Bridges</u>	<u>Remarks</u>
Alishan Line Proper	71.798 km.	55	114	using steam locomotives
Shuishan Line	10.620	4	31	"
Shuishan Branch Line	7.500	--	65	"
Ch'ech'echia Line	9.500	2	41	"
Branch of Sub-Line No. 4	600	--	2	"
Hsianghsuehchan Line	1.000	--	4	"
Shihshuishan Line	2.750	1	26	using gasoline locomotives
Tungp'o Line	5.790	--	--	
Shenmu (Sacred Tree) Branch Line	0.760	--	4	
TOTAL	110.318 km.	62	387	

c) STORAGE: There is a storing office at Chiayi for logs arriving from the forests and loading the logs sold. The dry storage ground covers an area of 8,264 sq. m., and the storing pool, 52,442 sq. m., with a total capacity of 33,000 cub. m. The office is equipped with a 16-ton overhead travelling crane and a 3-ton travelling crane.

d) SAWING: There are altogether 4 saw mills.

e) REPAIRING: Two shops take care of repairing work; one at Chiayi and the other at the Alishan.

Main Equipment of the Repair Shops at Chiayi and Alishan.

<u>Name of Machine</u>	<u>Number at Chiayi</u>	<u>Number at Alishan</u>	<u>Uses</u>
Iron smelting furnaces	3	2	smelting iron for founding
Motors	10 (total- ling 141 HP)	2 (total- ling 20 HP)	running machines
Blowers	3	3	
Chainblocks	8	2	lifting machines
Air hammer	1	1	striking iron
Screw-making machine	1	0	making screws
Fire bed (Huo Ch'uang)	8	1	smelting iron

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Document 104 - Page 4

Alternating-current welding machines	3	1	welding
Transformers	3	1	stepping up electric power
Band sawing machine	1	0	sawing timber
Lathes	19	4	
Miscellaneous machines	34	2	

2. The Pahsienshan Forested Region.

Situated near Tungshih and Nengkao in the Taichung District, this region covers all the forests at the Paikushan (3,343 m. above sea level), Lupinshan (2,971 m.), Ch'ilunshan (2,929 m.), Pahsienshan (2,401 m.), Tahsuehshan (3,600 m.), Hsiachuehshan (3,043 m.), Shaoiaishan (2,329 m.) and Tungmaoshan (1,688 m.), with exploitable forests amounting to 84,971 hectares and a total reserve of 18,459,841 cub. m. (11,617,814 cub. m. of coniferous timber and 6,842,000 cub. m. of broad leaved).

The equipment of the forestry office of this region is as follows:

a) FOR COLLECTING LOGS: There exist 6 collecting machines, 4 of which can be used.

b) TRANSPORTATION: The total length of railroad is 95.67 km., with 32 steam and gasoline locomotives, 304 passenger and freight cars, 440 push-cars, five 8-wheeled cars, and thirty 4-wheeled cars.

Suspension cables are widely used for transporting logs from mountain slopes to the plain:

	<u>Length</u>	<u>Angle of Inclination</u>	<u>Height</u>	<u>Transporting capacity</u>	<u>Year of Completion</u>
P'iyawai Cable	879 m.	24 degrees	364 m.	45 times ¹⁾ daily	March 1931
Shihwench'i Cable No.1	1,150	28	500	50	Dec. 1938
Shihwench'i Cable No.2	1,276	28	590	50	March 1938
Malun Cable	1,192	26	526	50	May 1940

In addition, 3 inclines (built in 1923) are used for transporting logs, whose daily capacity averages 85 cub. m., and can reach 140 cub. m. at maximum.

	<u>Length</u>	<u>Angle of Slope</u>	<u>Height</u>	<u>Power</u>
Incline No.1	1,159 m.	30 degrees	606 m.	30 HP
" No.2	366	33	300	15 HP
" No.3	466	30.5	203	15 HP

c) HYDRAULIC POWER: There is a hydraulic power plant on the Shihwench'i River (set up in 1922), with a 110 HP turbine and a 3-phase 70 KW alternator.

EDITOR'S NOTE: 1) About 5 to 6 tons can be transported each time.

d) REPAIRING: 2 repair shops possessing the following equipment:

	<u>Main Machinery</u>	<u>Power</u>	<u>User</u>
Chiapaot'ai Repair Shop	11 rotating plates & machine tools, 4 machines for various uses, welding machines, smelting furnaces, etc.	10.5 HP	repairing locomotives and machines.
Hosheng Repair Shop	6 sets of miscellaneous machine tools, etc.	3 HP	repairing gasoline locomotives.

e) SAW MILLS: One each at Chiapaot'ai and Fengyuan.

f) STORAGE: Installations are as below:

	<u>Area</u>	<u>Storing capacity</u>
Storage Pool	332.7 ares	11,000 cubic metres
Dry storage ground	99.2	4,200
Godown for timber products	6.3	420

3. Forested Regions under the T'ai-p'ing-shan Forestry Office.

Both the T'ai-p'ingshan and Tayuanshan forested regions are under the administration of the T'ai-p'ingshan Forestry Office.

A. - THE T'AI-P'INGSHAN FORESTED REGION, situated at Lotung and Su-ao in the Taipei District and at Tach'i of the Hsinchu District, includes besides the T'ai-p'ingshan itself, the T'achushan (3,390 m. above sea level), Tapachienshan (3,572 m.), and Nanhutashan (3,633 m.). Sixty-nine per cent of the trees in this region are *Chamaecyparis obtusa* Set Z.; 20%, *Chamaecyparis formosensis* Matsum.; 7%, *Tsuga sieboldii*, Carr; 3%, *Cedrela chinensis* Juss; and 1%, "Ya Shan" cedar.

The exploitation equipment in this forested region comprises the following:

a) FOR COLLECTION OF LOGS: 11 collecting machines.

b) TRANSPORTATION: On the plains, the light railroad between Lotung and T'uch'ang of a total length of 36.4 km. runs along the Southern bank of the Chushuich'i and is suitable for 15-ton steam locomotives.

On the mountains, there are 3 sets of cables and also railroads suitable for 3-5 ton gasoline or charcoal locomotives. The communication system is as follows:

Railroad running from T'uch'ang to Chiuchihtse Cables (4.53 km.); to Pailing Cables (3.92 km.); to Faihsi Cables (3.20 km.); to Shangchihp'ing (1.20 km.); to Sanhsing Branch Line (6.30 km) and to Mouhsing Branch Line (12.00 km).

c) STORAGE: There is at Lotung a dry storage ground of 19,000 sq. m. and a storage pool of 93,000 sq. m., with an aggregate storage capacity of 22,000 cub.m. Two cranes have

been installed for the lifting of logs. As T'uch'ang is the intersecting point of the plain and mountain communication lines, a provisional storage ground with a capacity of 11,000 cub. m. will soon be established there.

d) SAW MILLS: The T'ai-p'ingshan Forestry Office directly operates 3 saw mills, all of them at Lotung, while the saw mill at the T'ai-p'ingshan is under the management of the T'ai-p'ingshan Branch Office.

B. - THE TAYUANSHAN FORESTED REGION, also located at Lotung, includes the Tayuanshan, Shihliufenshan and some other high mountains.

It produces coniferous trees, such as *Chamaecyparis obtusa*, Set 2. *Chamaecyparis formosensis* Matsum, and *Tsuga chinensis*, and broad leaved trees such as *Michellia compressa* Max Var *formosana* Kan, *Machilus Nanmu* Hemsl. *Zelkova formosana* Hayata, etc.

The equipment of the Tayuanshan forests consists of the following:

a) COLLECTION OF LOGS: The work is now being entirely done by man-power.

b) TRANSPORTATION: Three sets of elevated automatic single-track wireropes are being in use. In addition, more than 4 km. of railroad has been completed, while the railing over a 8 km. road bed is under way. At present, only pushcars are employed for despatching logs on the railway. If the existing tracks are improved, however, gasoline locomotives can be used to pull the pushcars. Transportation between Lotung and Kulu is done by trucks.

III. - Afforestation.

1. For water conservancy.

Rainfall is abundant in Taiwan, reaching 6,000 mm. annually in the mountainous regions where it is not unusual for 600-1,000 mm. to fall in a single day. During the rainy season, communications are often disrupted and houses swept away by floods. The promotion of afforestation work for water conservancy is therefore an urgent need.

The following 2 tables show the original projects and actual achievements for 1947:

Afforestation Work for Water Conservancy
During the year 1947 within the Forested
Regions under Exploitation.

Work	Original Project	Actual Achievement
Plantations of new trees	478.15 hectares	410.06 hectares
Plantation of trees to replace those felled	137.11 "	137.00 "
Grass Cutting	1,107.73 "	576.83 "
Seedlings nursing	2,177,700	1,742,160

Aff

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Document 104 - Page 7

Afforestation Work for Water Conservancy
During the year 1947 outside of the
Forested Regions under Exploitation.

<u>Work</u>	<u>Original Project</u>	<u>Actual Achievement</u>
Plantation of new trees	690.95 hectares	667.80 hectares
Grass cutting	269.95 "	237.00 "
Seedlings nursing	2,178,200	1,524,740

2. For "Pao An" or security.

As the soil in Taiwan is apt to dissolve in windy and rainy seasons, landslides often occur on stiff mountain slopes, while both on the mountains and plains, erosion has become a serious problem. In order to guard against the above disasters, the Forestry Bureau has retained large areas of land for cultivating the so-called "security forests". The following was the work achieved during 1947.

Work on Security Forests in 1947.

<u>Work</u>	<u>Original Project</u>	<u>Actual Achievement</u>
Plantation of new trees	564.50 hectares	417.00 hectares
Plantation of trees to replace for those felled	268.00 "	12.60 "
Grass Cutting	534.50 "	82.60 "
Seedlings nursing	2,674,000 seedlings	1,169,600 seedlings

3. For Economic Purposes

By "economic forests" are meant those which are cultivated for economic purposes, such as the supply of timber, camphor, fuel etc.

Work on Economic Forests during
the Year 1947.

<u>Work</u>	<u>Original Project</u>	<u>Actual Achievement</u>
Planting new trees	2,446.73 hectares	1,957.38 hectares
Planting trees to replace those felled	360.19 "	342.19 "
Grass cutting	8,661.40 "	6,929.00 "
Pruning spreading foliage	1,184.21 "	947.21 "
Trimming twigs	11.17 "	9.00 "
Nursing seedlings	395,128 sq.m.	276,590 sq.m.
	5,577 litres	3,904 litres
	180 mm.	126 mm.

4. For protection of Coasts.

Being situated in the Pacific, Taiwan is liable to the attacks of typhoons in summer and winter, which are often detrimental to the crops and buildings. The following represents the efforts made during 1947 to protect crops and houses against wind attacks:

Coastal Afforestation Work in 1947.

<u>Work</u>	<u>Original Project</u>	<u>Actual Achievement</u>
Planting new trees	350 hectares	435 hectares
Planting trees to replace those felled	253 "	253 "
Nursing seedlings	15,529,800	12,423,000

With a view to promoting afforestation work, the Forestry Bureau of Taiwan has drawn up a 5-year plan whose gist is given below:

<u>Year</u>	<u>Afforestation</u>		<u>Sand-Control Work</u>		<u>Number of Seedlings</u>
	<u>Area</u> (hectares)	<u>Budget</u> (TW\$)	<u>Area</u> (hectares)	<u>Budget</u> (TW\$)	
1948	21,001	1,838,993,720	1,276	745,780,517	66,050,600
1949	25,683	2,608,923,992	1,277	606,889,630	95,691,120
1950	25,773	2,903,798,438	1,277	654,432,729	101,500,720
1951	25,830	3,067,200,008	1,280	642,327,479	101,300,720
1952	24,979	3,160,909,132	1,284	654,504,837	98,781,132
TOTAL	123,271	13,579,865,090	6,394	3,333,937,192	462,935,480

+ + +

Appendix on Forest Product Industries

Enterprises for processing forest products in Taiwan may be classified in the following groups:

a) **TIMBER PROCESSING:** Saw mills constitute the main part of these enterprises; the larger ones are operated by the Provincial Government, and the smaller ones by private concerns. There are also some factories which manufacture 3-ply-wood, wooden pipe (as substitute for ironpipe) and preserved timber.

b) **PRODUCTION OF FOREST PRODUCTS OTHER THAN TIMBER:**

- Camphor and other oil essence (e.g. turpentine, Chamaceyparis oil)
- Vegetable oil and fats (e.g. wood oil, varnish, tea oil)
- Paper (exclusively paper made from wood and bamboo pulp)
- Tanning materials (manufactured from Quercus variabilis Pl., "Hua T'io Erh" and the bark of Acacia confusa Merrill)
- Medicines (made from Cinchona, Spp., Erythroxylum Coca, Lam., Santalum album Linn., Gynocardia odorata R.Br., etc.)

-- Others

Of the above industries, the camphor and paper manufacturing is the largest in scale.

c) APPLIED CHEMICAL INDUSTRIES: The dry distillation of timber and manufacturing of synthetic resin are being undertaken on a very small scale.

The above-mentioned industries which were formerly for the most part operated either by the Japanese government or its nationals, were taken over by the Chinese government authorities, after V-J day. For instance, camphor is now under the control of the Reconstruction Department of the Taiwan Provincial Government; other chemical industries are being undertaken by the Chemical Co. under the Taiwan Provincial Industrial and Mining Company; the Taiwan Paper Co. has been placed under the joint management of the National Resources Commission and the Taiwan Provincial Government, and all other timber industries are operated by the Forestry Bureau. Some of the smaller enterprises, however, have been handed over to district or municipal authorities or private interests. The following tables provide some information concerning the present status of the enterprises.

Government-operated timber enterprises.

<u>Name of Enterprises</u>	<u>Output</u>
Taipeh Saw Mill, under the Forestry Bureau (or FB)	4,000 cub.m. of timber annually
Taipeh Saw Mill (Branch), FB.	(not yet operating)
T'aipei'ingshan Saw Mill, FB.	3,000 cub.m. of timber annually
Lotung Saw Mill No.1, FB.	4,000 "
Lotung Saw Mill No.2, FB.	10,000 "
Lotung Saw Mill No.3, FB.	10,000 "
Chutung Saw Mill, FB.	10,000 "
Chiapaot'ai Saw Mill, FB.	2,500 "
Fengyuan Saw Mill, FB.	8,000 "
Wanghsiangshan Saw Mill No.1, FB.	10,000 "
Wanghsiangshan Saw Mill No.2, FB.	6,000 "
Alishan Saw Mill, FB.	3,000 "
Chiayi Saw Mill No.1, FB.	12,000 "
Chiayi Saw Mill No.2, FB.	10,000 "
Chiayi Saw Mill No.3, FB.	10,000 "
Camphor Refining Co. under Monopoly Bureau (or MB)	1,123 tons annually
Camphor Oil By-products Processing Co. MB.	---
Camphor Oil Processing Co., MB.	---
Bamboo-Timber Industrial Co., MB.	---
Taiwan Paper Co., Taipei Plant	48 tons of machine-made paper daily
Taichung Plant	50 tons of paper pulp daily
Tainan Plant	90 tons of paper pulp daily
Kaohsiung Plant	12 tons of packing paper daily
Shihling Plant	25 tons of carboard and packing paper daily.
Japanese Paper Plant	14 tons of Japanese-paper daily
Chemical Co. under Taiwan Provincial Ind. & Mining Co.	---

Privately-owned Saw Mills in Taiwan.

<u>Location</u>	<u>Number of Mills</u>
Taipeh Municipality	62 (incl. 2 mills for making 3-ply-wood)
Taipeh District	44
Keelung Municipality	13
Keelung District	33 (incl. one 3-ply- wood mill)
Taichung Municipality	22
Changhua Municipality	4
Taichung District	69
Keelung Municipality	12
Chiayi Municipality	18
Tainan Municipality	9
Tainan District	38
Kaohsiung Municipality	21
P'ingtung Municipality	10
Kaohsiung District	15
Iland Municipality	6
Taitung District	9
Hualien District	22 (incl. 1 mill for making ply-wood)
P'enghu District (Pescadoreas)	2
TOTAL	409

(End)

U N I V E R S I T E I ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85761

The Currency Reform of August 19th.

Study No. XIX

Number of pages: 15

Articles and reports digested and
combined in this Study:

- "An Analysis of the Currency Reform", by Yen Ling, the Economics Weekly, Aug. 27, 1948.
- "Commodity Prices since the Currency Reform", by Chi-Ch'ung-wei, Idem;
- "Key to the Success of the New Currency", by Wu Ta-yeh, the Economic Review, Aug. 28, 1948.
- "Currency Reform", Conference sponsored by the Ta Kung Pao, Ta Kung Pao, (Shanghai), Aug. 30, 1948.
- "Problems concerning the Recent Monetary Reform", by Wang Chih-hsin, Chu Sau-huang, Chu Pai-ying, Sun Heiao-ts'un, Yang Chen-hua, etc., the Bankers' Weekly, Aug. 30, 1948.
- "New Currency and International Payments", by Ch'u Pao-i, the Economic Review, Sept. 4, 1948.
- "Appreciation of the New Currency", by Wu Ch'eng-hsi, Business World, Sept. 5, 1948.
- "On the Maximum Issue of Gold Yuan Notes", by K'ang Yang-jen, the Economic Review, Sept. 11, 1948.
- "Control of Loose Capital and Increase of Production", by K'e Ju-ch'ing, Sept. 16, 1948.

(continued in the note on page 14)

THE CURRENCY REFORM OF AUGUST 19TH

As the currency reform is of paramount importance for the well-being of the whole nation, all Chinese citizens and friends of this country are naturally taking an intense interest in this major step of the Government. The aim of this Study is to present in a clear summary the essential points of this reform together with the various comments and suggestions made on the subject by Chinese economists and businessmen during the past few weeks.

The Editor.

Monetary inflation had reached such a critical condition in China at the beginning of August 1948 that the general index number of wholesale commodity prices in Shanghai marked an average weekly increase of 18%, culminating in the third week of the month at 8,007,000 times the price level of the first half of 1937¹⁾; that is to say, the purchasing power of CN\$1.00 was equivalent to only 0.00000012 of that of one prewar Chinese dollar. It was evident that if this state of things were allowed to continue, the effects on the whole national economy would soon be catastrophic.

In view of the above, the Government authorities, after lengthy and careful deliberations among top-ranking officials, decided to reform the currency, by enforcing on the 20th of August 1948 under the name of Financial and Economic Emergency Measures,²⁾ a new economic programme, the essential points of which are:

- a) Superseding of the old Fapi by Gold Yuan notes whose issuance will be limited to GY\$2,000,000,000, backed up by a 100% reserve;
- b) Obligatory surrender, before the 30th of September 1948, of all gold, silver and foreign currencies still in private hands;
- c) Registration and control of assets held abroad by Chinese citizens;
- d) Readjustment of Government finance by increasing tax revenues and curtailing expenditure; and strengthening of control over commodity prices, salaries, foreign trade and banking business.

I. - Special Features of the New Currency.

1. Gold Yuan Standard, maximum note issue and reserve.

Gold Yuan notes, in denominations of GY\$1.00, GY\$5.00, GY\$10.00, GY\$50.00 and GY\$100.00, have been issued to replace the old CN notes at the rate of 1 to 3,000,000.

The new currency is based on a Managed Gold Standard: though the Gold Yuan is decreed to have a legal content of 0.22217 grammes of fine gold, the Central Bank issues only paper notes which are not convertible into gold.

The means for gaining the confidence of the people to which the Government has had recourse, are as follows:

- a) The Gold Yuan notes will be issued against a 100 per cent reserve, consisting of at least 40 per cent in gold and silver bullion and foreign exchange, and the remainder in

EDITOR'S NOTES: 1) According to price indices compiled by the China Economic Research Institute, Shanghai.

- 2) These Measures have since been supplemented by many rules and regulations; among the most important of these are the supplementary Measures for the Readjustment of Finance promulgated by Presidential Decree on the 26th of August 1948 (see Annex LXI in this Bulletin).

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY NO.XIX - Page 2

- assets of State-operated enterprises¹);
- b) The note issue will not exceed a maximum of GY\$2,000,000,000;
 - c) A Commission for Supervising the Gold Yuan Note Issue and Reserve has been founded to examine at the end of each month the amount of Gold Yuan notes issued by the Central Bank and the condition of their reserve, and then publish an official inspection report. If the Commission finds the reserve for the note issue to be insufficient or the reserve in gold, silver and foreign exchange to be below the percentage stipulated (40%), it has the right to notify the Central Bank to suspend note issue and to withdraw the amount of notes in excess of the reserve.

It is noted in this respect that, so long as the Gold Yuan notes are not freely convertible into gold, the 100 per cent reserve for note issue can at most be a psychological consolation for the people. The fixing of a maximum note issue is, nevertheless, a significant check on inflation, while the supervision of the note issue and regular publication of inspection reports which oblige the Government to abide strictly by the restriction cannot but help to consolidate the people's trust in the Gold Yuan.

2. Note issue related to actual needs.

Is the maximum note issue of GY\$2,000,000,000 too much for the needs of the country?

Various writers have compared it with the currency of prewar days. The total amount of Fapi issued by the Government up to June 1937 was CN\$1,400,000,000, to which about CN\$300,000,000 may be added for local banknotes in use and another CN\$300,000,000 for silver dollars still in circulation, making a probable total monetary medium of CN\$2,000,000,000. Now, the amount of

EDITOR'S NOTE: 1) Details concerning the various items of the reserve as announced by the Executive Yuan on Aug. 23, 1948, are as follows:

Reserve in Gold, Silver and Foreign Exchange

Item	Value in US\$
Gold Bullion	96,851,075.54
Silver Bullion	28,959,000.00
Foreign Exchange	74,189,924.46
TOTAL	<u>US\$200,000,000.00</u>

Reserve in Assets of State-operated Enterprises

Item	Value in US\$
China Textile Industries, Inc.	101,538,505.43
Enemy and Puppet Properties	74,283,809.06
China Merchants' Steam Navigation Co., Ltd.	71,642,739.34
Taiwan Sugar Corporation	43,000,000.00
Taiwan Paper Corporation	8,000,000.00
Tientsin Paper Pulp Company	2,000,000.00
TOTAL	<u>US\$300,465,053.83</u>

GY\$2,000,000,000 which is to replace the Fapi notes at the rate of 1 to 3,000,000 is nominally worth 6,000,000,000,000,000 present CN dollars; but since, on an average for the whole country, more than 6,000,000 present CN dollars are necessary to purchase the same quantity of goods which cost CN\$1.00 in June 1937, our GY\$2,000,000,000 is equivalent in actual purchasing value to less than CN\$1,000,000,000 of June 1937, that is to not even one half of the total monetary medium in circulation before the war.

Moreover, the external value of the Chinese dollars should also be taken into consideration. As each GY dollar equals US\$0.25, the total worth of GY\$2,000,000,000 is US\$500,000,000; but given the fact that the purchasing power of the American dollar has diminished by approximately one half as compared with 1937, the value of the above sum of GY dollars expressed in terms of prewar US currency has also to be cut down by one half i.e.: only US\$250,000,000, which converted into Chinese dollars of 1937, at the rate of 1 to 3.30, will be equivalent to prewar CN\$825,000,000.

The reasons why the value of the present note issue cannot be raised to the same level as before the war, are given as follows:

- a) Owing to the unfavourable military situation in the Communist suppression campaign, the area under the control of the Government has diminished and so also has the area of circulation of the new currency.
- b) Silver dollars or foreign currencies will most probably continue to be used as medium in some private transactions, and goods will also be exchanged directly against other goods without intervention of any money.
- c) At present production in the country has decreased as compared with the prewar period.

It may further be mentioned that although the maximum issue of Gold Yuan is less than the currency in circulation before the War, its value is ten times that of the Fapi in circulation on the eve of the monetary reform. Each Gold Yuan dollar being worth CN\$3,000,000, GY\$2,000,000,000 are equivalent to CN\$6,000,000,000,000,000. The Fapi notes in circulation on the eve of the monetary reform were declared by the Minister of Finance Mr. Wang Yun-wu to be CN\$600,000,000,000. Therefore, unless the velocity of circulation of the Gold Yuan is only 1/10 of that of

EDITOR'S NOTE: 1) This figure is based on the index numbers of wholesale commodity prices for the 6 most representative cities for the 2nd week of August 1948, as announced by the Joint Head Office of the Four Government Banks:

Shanghai	6,340,000 times
Nanking	6,570,000 "
Hankow	5,630,000 "
Chungking	2,580,000 "
Canton	4,410,000 "
Tientsin	7,050,000 "

If the above indices are added together and then divided by 6, we have 5,430,000 times as the general price index for the whole country. But as prices had again risen after August 15th 1948, it is amply safe to assume the general price index to be above 6,000,000 times.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY NO.XIX - Page 4

Fapi notes, the issue of Gold Yuan to the maximum amount allowed by the law, will certainly bring about sharp rises in prices. The maximum amount of note issue as announced by the Government authorities, however, is not meant to be reached immediately, and provided that the increase in note issue is proportional to the decrease in the speed of the circulation, no soaring of prices needs result.

3. Surrender of gold, silver and foreign currency notes held by the people.

From August 20th 1948, the circulation or private transacting or holding of gold and silver bullion, silver coins or foreign currency notes is prohibited within the territories of China. Anyone holding the above must, before September 30th 1948, convert them to Gold Yuan notes at the Central Bank of China or any of its appointed banks, according to the following rates: each Shih Liang (31.25 grammes) of gold to be exchanged for GY\$200.00; each Shih Liang of silver for GY\$3.00; each silver dollar for GY\$2.00; US\$1 for GY\$4.00; 1 Pound Sterling for GY\$12.00; Hongkong \$1.00 for GY\$0.75 and 1 Rupee for GY\$0.90. Holders may also purchase U.S. Gold Loan Bonds with the above articles, or deposit them in the Central Bank and later use them for the payment of imports covered by import licences or for other purposes approved by the Ministry of Finance.

Chinese economists point out that there exists a discrepancy between the legal content of gold in the Gold Yuan (0.22217 grammes of gold for GY\$1.00) and the rate for the conversion of gold into Gold Yuan notes (1 Shih Liang or 31.25 grammes for GY\$200.00), because according to the former gold content in the new currency note, 1 Shih Liang of gold should be worth only GY\$140.66.

The explanation for this inconsistency is simple: the fixing of the legal content of gold in the new currency note had to conform with the standards accepted by the authorities of the International Monetary Fund. Therefore, if the Gold Yuan dollar is to be equal to a quarter U.S. dollar, its legal content of gold must also be 1/4 of that of US\$1.00 (0.88867 gr.), i.e. 0.22217 gr. But on the other hand, in order to induce the people to surrender their holdings of gold bullion, the Government had to follow its black market price which had risen to around CN\$600,000-000 or GY\$200 per Shih Liang; on the eve of the reform. It is clear that, had the Government fixed the official price of gold at GY\$140.66 per Shih Liang or 30% lower than the prevailing price, no private concern would have surrendered any gold bullion.

The above inconsistency may produce rather bad effects on the new currency both in this country and abroad. If 1 Shih Liang (or 31.25 gr.) of gold is valued at GY\$200.00 by the Government, then GY\$1.00 would be worth only 0.15625 gr. less than the legal content. Such a depreciation by nearly 30% of the Gold Yuan brought about by the Government itself cannot but puzzle the common people as to the true value of the new currency note. Furthermore, US\$1.00, being convertible into GY\$4.00, will be worth four times the latter's value in gold (0.15625 gr.), i.e. only 0.625 gr. This officially accepted depreciation of the U.S. dollar by nearly 30% in China might be viewed with discontent by the Treasury Department of the U.S. Government.

The intention of the Government in making the people surrender their gold, silver and foreign currency notes is of course to obtain large amounts of these articles to strengthen its

financial power and prop up its new currency. But it is considered as doubtful that the people will hand over all their holdings of gold, silver and foreign exchange. Even supposing that the Chinese citizens were patriotic enough to do so, the Chinese Government would not have sufficient Gold Yuan notes to pay them. For it is estimated that a total of GY\$3,795,000,000 would be necessary to compensate the handing over of all the gold, silver and foreign currency notes in private hands ¹⁾, this amount is 80% more than the maximum note issue. The people might of course purchase some U.S. Gold Loan Bonds or in a few cases deposit with the Central Bank for various uses; yet, theoretically at least, it would seem that a major portion of the holdings would be surrendered in exchange for Gold Yuan notes. Meanwhile any important intakes of gold, silver and foreign exchange at the Central Bank would mean great outflows of Gold Yuan notes ²⁾ which, if not successfully directed into proper channels, would rush for goods on the market, thereby producing severe inflationary effects.

II. - Means for Stabilising Prices in the Preliminary Stage.

If reserve for note issue plays only a psychological role in favour of the new currency, which, in any case remains unconvertible, all the writers agree that the stabilisation of commodity prices is a powerfully convincing FACT for winning the full confidence of the people. The means used by the Government for keeping down prices in the preliminary stage can be summarised as follows:

NOTES: 1) According to the estimate of an economist Mr. Wu Ch'eng-hai in his article "Appreciation of the New Currency" published in the Business World, September 5th 1948, the private holdings of gold, silver and foreign currency notes in China are as follows:

Item	Quantity	Value in GY\$
Gold bullion	5,000,000 Shih Liang	1,000,000,000
Silver bullion ^{o)}	340,487,517 ounces	2,255,000,000
Silver dollars ^{o)}	551,373,586 pieces	
U.S. currency notes	\$60,000,000	240,000,000
Hongkong currency notes	\$400,000,000	300,000,000
TOTAL		GY\$3,795,000,000

9) Compare with figures given in "An Estimation of the Quantities of Silver still in Private Ownership in China" by Yang Erh-ch'eng, Monthly Bulletin No.XIII (Dec. 1947) Document 74.

2) According to information in the Chung Yang Jih Pao (Shanghai) of September 22nd, 1948; up to the 18th of September, a total of GY\$556,520,000 odd had been issued by the Central Bank for paying the gold, silver and foreign currency notes surrendered by the people.

- a) Freezing of all commodity prices and salaries at the levels of August 19th and of August 15th 1948 respectively; the salaries of Government officials and employees of State-operated enterprises are to be readjusted once for all while employees of private firms and factories will be entitled to a salary corresponding to what they received for the first half of the month of August 1948.
- b) Suppression of hoarding, by examining godowns and prohibiting the undertaking of purchase and sale of supplies by financial organs;
- c) Dumping of surplus supplies at prices lower than those prevailing on the market;
- d) Regulating of supplies and banning of the export of certain daily necessities;
- e) Limiting the extension of credit by ordering the increase of the capital of banks within two months, suppressing the handling of deposits and credits by non-financial institutions, and suspending the granting of commercial loans by Government banks. When banks increase their capital, not less than 50% of the latter must be in the form of cash;
- f) Avoidance of factors which provoke price fluctuations for example forbidding transactions of gold, silver and foreign currencies, stopping the operation of stock markets, lowering the interest rate, and prohibiting the publishing of any black market prices.

While one cannot deny that, if strictly enforced with the help of a strong economic police, the above mentioned price freezing policy may be a useful curb on market fluctuations, it is nevertheless pointed out that a blind oppression will entail serious consequences. As everyone is well aware, the sudden rise in the foreign exchange rate by 50% as compared with that on the eve of the currency reform greatly augments the production cost of those goods which are manufactured with imported raw materials or whose manufacture requires the consumption of imported fuels. In like manner, the cost of many fabrics will go up as a result of the rise in prices of raw materials purchased from other regions not subject to strict control. Another factor of universal effect is the raising of tax rates which will certainly add much to the cost of production in all fields. Under such circumstances, if manufacturers are not allowed to make the necessary readjustment in their selling prices, they will soon be obliged to cease operation; on the other hand, merchants will abstain from selling, foreseeing that no more goods will be supplied by the producers. And then dangerous paralysation of economic activities will again be experienced.

The freezing of salaries in private enterprises at the level of Aug. 1st-15th. 1948, while prices are pegged on that of Aug. 19th, is certainly irrational; for instance, the average price for 1 picul of rice for the first half of August was still around CN\$ 42,000,000; but on the 19th of the month, it had already jumped to CN\$ 63,000,000.

Nor are Government employees by any means better off. It has been laid down that their salaries shall be paid in Gold Yuan notes according to the following provisions: the basic amount will be \$40 to be paid in full in Gold Yuan notes; a discount of 80% will be applied to any sum in excess of \$40 up to \$300, and a discount of 90% applied to any sum in excess of \$300. That is to say a Government employee with a salary of \$40, will receive the sum in full Gold Yuan dollars; if his salary is \$200, he will

actually receive GY\$72 1), if he has a salary of \$400, he will be paid GY\$102 2) and a Government official who according to his rank, should be entitled to \$600, will touch only GY\$122 3). As the purchasing power of the Gold Yuan is less than one half of that of the prewar Chinese dollar, the average Government employee will be paid as little as 20 or 30% of what he used to receive before the War. Can the Government expect loyalty and efficiency from such badly paid employees?

It is further to be added that with their income frozen, the salaried classes from now on will have to bear a much increased burden of taxes placed on them by the Government after the currency reform.

In connection with the increase of the capital of banking institutions, the Executive Yuan has recently passed a set of supplementary methods wherein it sets the minimum amount of capital required for banks and trust companies in Shanghai, Tientsin and Canton at GY\$500,000 and that for native banks in those same cities, at GY\$250,000; the amounts prescribed are comparatively lower for other cities. Since 50% of the readjusted capital must be in the form of cash, the successful carrying out of this order, will undoubtedly exert an opportune tightening effect over the monetary market, and help to keep down commodity prices. But it is to be feared that many banking institutions, not being able to fulfill these exigent requirements, will have to close down.

Considering that interest on loan forms part of the production cost, the Government has made a point of keeping down its rate: Thus, it has announced a compulsory reduction of the interest rate from the former 30% or 35% per mensem to 2% within a short time limit. This quick reduction is estimated as probably unnecessary, for it should be clear that it is the soaring in prices which causes a corresponding rise in interest rate and not vice versa.

Furthermore, during the preliminary stage of the currency reform, it may be advantageous to maintain for some time a relatively high interest rate in order to induce people to deposit their money in banks, instead of searching for goods on the market.

The prohibition of the publishing of black market prices is also considered a futile measure. For the point is whether such clandestine transactions exist or not. If they do exist, people will know every detail about them even though no newspaper implies anything. The Government should therefore stress the suppression of the black market itself rather than the publishing of its prices.

EDITOR'S NOTES: 1) $\$40 + \$160 \times 20\% = \$72$.

2) $\$40 + \$260 \times 20\% + \$100 \times 10\% = \102 .

3) $\$40 + \$260 \times 20\% + \$300 \times 10\% = \122 .

III. - Government Finance and
long-term Stability.

The afore-mentioned means, instrumental though many of them are in bringing about stability of market prices during the initial period, are totally incapable of perpetuating it. For long-term stability, the balancing of the Government Budget is one of the main points on which all the writers agree.

The Emergency Measures give only the following brief outline of the methods for readjusting Government finance:

- a) Increasing tax revenue by revising tax rates according to their prewar level and by imposing heavier taxes on luxuries;
- b) Readjusting charges made by State-operated communications and public utilities so as to make them self-supporting; the National Treasury shall provide subsidies only to areas suffering from military destruction; curtailing expenses by dismissing superfluous personnel in State-operated enterprises and ordering the latter to remit their surplus profits, if any, to the National Treasury;
- c) Strictly checking the personnel in all civil and military organizations as well as the number of soldiers.

In order to materialise its plan to increase tax revenue, the Government on Aug. 26, 1948, promulgated the Supplementary Measures for the Readjustment of Finance ¹⁾, in which it raises the tax rate on salt to GY\$8.00 per Shih Tan (50 kgs), imposes an additional tax on imports equal to 40% of the import duty, changes slightly the method of collecting the income tax on profit-seeking enterprises, and effects minor adjustments concerning the rates of the inheritance tax and revenue stamp duty.

With the above revision of tax rates, the Finance Minister counts on an annual revenue of about GY\$2,460,000,000 which will be composed of:

Customs duties	GY\$480,000,000
Taxes on commodities (incl. mineral products and native tobacco and wines)	700,000,000
Direct taxes	360,000,000
Salt taxes	320,000,000
Other taxes, fees and income from State-operated enterprises	200,000,000
Receipts from sale of surplus supplies and enemy and puppet properties ...	400,000,000

Supposing the annual output of salt in the future can maintain the level reached in 1947 which was 43,000,000 odd Shih Tan ²⁾, the above estimated annual revenue from salt taxes is quite in conformity with actuality. But not so the other estimates: It is doubtful whether with an ever diminishing import quota, the annual income from import duty can amount to GY\$480,000,000. As the tax rates on commodities have not been much changed in the

NOTES: 1) For a full translation of these Measures, see Annex LXI in this Bulletin.

2) This compares favourably with the output in 1937 which was 42,000,000 odd Shih Tan.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XIX - Page 9

recent revision of the Commodity Tax Regulations ¹⁾, it remains to be seen how the receipts from this source can be raised to the above-mentioned level. The estimated income from direct taxes also seems a bit exaggerated, unless the method of collection and collecting efficiency are vigorously improved in the future. Finally the sale of surplus supplies and alien and puppet properties is but a temporary resource; and cannot be counted as a permanent item on the revenue list.

In view of the urgent necessity of curtailing Government expenditure, experts advise that all State-operated enterprises be rendered self-supporting, by raising prices charged and by removing all superfluous personnel. In the past, it has been nearly a general custom that when State-operated enterprises make gains, they keep them for their own uses; but when they sustain losses, immediate appeal will be made to the Government for subvention. The result has been that people in charge of the undertakings have become inefficient and extravagant.

The case of public utilities deserves a special attention; these undertakings being of a local nature, their expenses should be borne by their direct beneficiaries, that is, met by receipts from their sale of goods or services. If, nevertheless, the local government considers it advisable to lower the charges for public utilities connected with the people's livelihood, it should raise subsidies from its local revenue and never shift the burden over the whole nation by turning to the National Treasury for help. It was particularly absurd for the Government to subsidize in recent years the public utilities of some municipalities: for that is tantamount to making the poor village folks all over the country pay for the comfort of a few rich municipalities where the greatest portion of the national wealth has been concentrated.

However true are the above views some delay seems necessary for readjusting the charges for State-operated enterprises. For at a time when the Government intends to bring about market stability by pegging all commodity prices to the level of August 19th 1948, it would be giving a bad example to start right now to raise prices in its own enterprises. Nor would such a move be welcomed by the salaried classes whose income has been frozen.

It is regrettable that the Emergency Measures did not touch upon the attitude of the Government towards local finance, which certainly needs to be revised. One single instance may suffice to demonstrate the irrationality of its subsidising policy in the past: the municipal government of Shanghai which is undisputedly the wealthiest metropolis in the whole of China, has still in recent years depended on subsidies from the National Treasury, to make ends meet.

With respect to the immense and expensive bureaucracy, a mere checking of its actual numbers as laid down in the Emergency Measures, is insufficient; the Government should go further and effect a general reduction of personnel. It is believed that a removal of 40% to 50% of the public servants would not lessen the efficiency of the administrative organs. On the contrary, a systematic reshuffle of personnel and works might even improve the efficiency of the Government machinery, while an increase of salary

NOTE: 1) This recent revision was made on April 2nd 1948 (cf. Monthly Bulletin No.XIX - June-July 1948 - Annex LVIII).

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XIX - Page 10

would certainly win more loyalty from the public servants.

With all the above measures for curtailing Government outlay, the Finance Minister estimates the total annual expenditure at around GY\$3,600,000,000 of which only 70% will be covered by the expected annual revenue, leaving a budgetary deficit of GY\$1,140,000,000¹⁾. The Ministry of Finance implies that this deficient amount will be made up by US relief and the issuance of Gold Yuan bonds.

According to general observation, the people cannot be expected to purchase Government bonds of their own volition at the present moment. If the bonds are to be issued immediately, large scale compulsory apportionment among the rich class is advocated. Such a conversion into Government bonds, of the greater part of the wealth of the millionaires and billionaires of the country, would make them realise that they will be the first to suffer losses from any possible depreciation of the Gold Yuan; and they will take an intense interest in collaborating with the Government authorities for maintaining the value of the currency.

If even the receipts from compulsory sales of Gold Yuan bonds to the rich cannot balance the budget and prices tend to soar, then a critical phase is near at hand. At such a juncture, in order to avoid the usual rush on goods, some propose that the Government should provide the people with a trustworthy instrument for maintaining the purchasing power of their savings; and that is where comes again the long debated "price index savings" scheme according to which any savings lodged with Government banks will be repaid according to the price index of the date of withdrawal i.e. the Government will compensate the depositor for any loss resulting from soaring of prices.

IV. - Currency Reform and International Payments.

According to an estimate of the Far Eastern Economic Committee of the U.N.O., China's international payments showed a deficit of US\$326,000,000 during the year 1947, which was larger than the total amount of her income. The causes of such an unfavourable balance were none other than trade deficit, diminution of

NOTE: 1) It may be mentioned here that the Chinese Government has never been able to balance its budget during the past dozen years. The following table shows the ratio between revenue and expenditure during each of these years :-

Year	Ratio between revenue and expenditure
1936	79%
1937	48%
1938	52%
1939	27%
1940	29%
1941	9%
1942	16%
1943	24%
1944	36%
1945	12%
1946	19%
1947	26%

overseas Chinese remittances through Government banks and the flight of capital to foreign countries. Comments are few in this respect and can be summarized briefly.

1. Imports.

According to the Emergency Measures, the import quota shall, beginning with the 7th quarter, further be cut down by at least $\frac{1}{4}$ on the basis of the average set for the 5th and 6th quarters¹⁾. This quota reduction coupled with the raising of the foreign exchange rate by 50%, the recent increase by 50% to 100% of the import tariff²⁾, and the levy of an additional tax equal to 40% of the import duty³⁾, will obviously cut down the Government's expenditure of foreign exchange.

Parallel to the above are: a) The prohibition of the sales of goods whose import has been banned by explicit order of the Government; and b) Reduction of the number of licenses approved for all kinds of motor cars in Shanghai and other municipalities, by $\frac{1}{4}$ to $\frac{1}{3}$ within two months, so as to lower the consumption of imported gasoline. The former measure aims at the suppression of smuggling and the latter at saving foreign exchange.

But, in order to turn the trade balance into a more favourable one, the question at present is not so much how to diminish imports as how to foster the export trade, since China still needs large quantities of industrial raw materials and tools of production for her postwar reconstruction.

2. Exports.

The new raising of the official foreign exchange rate by 50% might undoubtedly be a great impetus for exporters. Many goods which could not be exported in the past as a result of the unreasonably low exchange rate, will now be shipped abroad.

Yet whether any sharp increase in the export figures will follow still hinges on three factors: the production of articles for export, their domestic prices and the demand on foreign markets.

First, the principal exports of this country are agricultural and mineral products the production of both of which has been steadily diminishing as a result of military devastation. Secondly, the domestic prices of articles for export may soon jump in the same proportion as the rise in the exchange rate, reversing the propitious situation created by the latter. The repression of such a tendency will depend upon the strict enforcement of the

NOTES: 1) The import quotas for the 7th and 8th quarters actually approved by the Executive Yuan on Sept. 15th 1948, totalled US\$42,141,000, showing a reduction of nearly 43% as compared with the aggregate appropriation for the previous 2 quarters.

2) The revised Customs Import Tariff was promulgated by the President of the Chinese Republic on Aug. 1st 1948 and enforced on Aug. 7th 1948.

3) See Supplementary Measures for the Readjustment of Finance promulgated by Presidential Decree on Aug. 25th 1948, III. Concerning the revision of tax rates. (Annex LXI in this Bulletin).

price-freezing order. Thirdly, after the long depression of China's export trade, many foreign markets have already found other sources of supply abroad or are using locally manufactured substitutes; and besides that, Chinese producers have long lost the habit of adapting their products to the taste or requirements of foreign consumers. It will therefore be a difficult task to win these back to Chinese goods.

Judging from past experience ¹⁾, nevertheless, one can safely count on some improvement in the export trade, though there seems little hope of completely doing away with the trade deficit in the near future.

3. Remittances from Overseas-Chinese.

Before the War, remittances from overseas Chinese used to constitute about 1/3 of China's international income, totalling from US\$80,000,000 to US\$100,000,000 every year. But in recent years, owing to the too low official exchange rate, the majority of remittances have been made through clandestine channels. Thus the remittances amounted only to US\$31,498,000 in 1946, and further dropped to US\$20,000,000 in 1947, becoming a relatively negligible item on China's international accounts ²⁾.

Now that the official foreign exchange rate has been made equal to that on the black market, there should no longer be any reason for the remittances to avoid the Government banks.

4. Flight of capital.

This has been a most serious problem since the conclusion of the War. This year, especially, large amounts of capital have moved to Hongkong and the USA. It is expected that the situation will improve after the stabilisation of the currency and upon the gradual recovery to a normal economic condition at home.

NOTES: 1) Take the export figures of this year for instance: As a result of the pegging of the official foreign exchange rate, the value of total monthly exports fell from US\$16,000,000 in January to US\$12,000,000 in February and still further in the following months; but after the introduction in June of a new "foreign exchange account settlement system" which actually raised the exchange rate, the export value increased to nearly US\$20,000,000 in June and again in July.

2) For details concerning overseas Chinese remittances in the last two decades, see "Problems of China's Post-war International Payments", by Chow Chung-yin (Monthly Bulletin No.I - Oct. 1946 - Document 1, p.2); "Remittances from Overseas Chinese in the First Half of 1946", by Chi Chung-wei (Monthly Bulletin No.I - Oct. 1946 - Document 2); "An Analysis of China's Balance of Payment during the Past Ten Years", by Chang Hsiao-mei and Chang I-fan (Monthly Bulletin No.XI - Oct. 1947 - Document 63, p.11-13); and "China's Balance of Payment for the Year 1947", by Wei Yuan-li (Monthly Bulletin No.XII - Nov. 1947 - Document 67, p.3).

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XIX - Page 13

Regarding foreign exchange assets held by Chinese nationals abroad, most of which represent capital flight, the Emergency Measures require their registration with the Chinese Government, which will have the right to utilize them. An exception is made however for nationals whose normal livelihood is proved to be established abroad and who are considered as "overseas Chinese". This proviso will be a loophole for many rich Chinese in foreign countries who will disguise their wealth as possession of "overseas Chinese". Furthermore, as the Chinese Government has never enjoyed any extraterritorial right, it can do nothing towards actually controlling its nationals' assets on foreign soil. Unless the approval and support of the foreign Government concerned has been secured, there will therefore be no way of enforcing the above-mentioned measures.

+ + +

As a conclusion to the above analysis, it should be noted that most of the writers emphasize that the whole destiny of the new monetary reform will rest on the balancing of the Government budget and the promotion of stable business activity on a profitable basis. If these conditions are fulfilled, stability in the value of the currency can be expected; if not, recourse will have to be made again to note printing; prices will soar and the currency rapidly depreciate; these are natural economic trends which not even the most stringent enforcement of police measures can defy.

(End)

NOTE: "Articles and reports..."continued.

- "How to Carry Out the Financial and Economic Emergency Measures", by Yang Chen-hua, Chin Yung Jih Pao (Shanghai), Aug. 23, 1948.
- "Criticisms of the Present Monetary Reform", by Yen Jen-keng, The Economics Weekly, Aug. 27, 1948
- "On the Managed Gold Standard", by Yu Wen, Idem.
- "Currency Reform and the Salaried Classes", by Fang Shih-tung, Idem.
- "Salaried Classes after the Currency Reform", by P'u, The Economic Review, Aug. 28, 1948.
- "Balancing of Budget under the New Currency", by Te, Idem.
- "On Gold Yuan", by Kao Ching-yang, Chung Yang Jih Pao (Shanghai), Aug. 28, 1948.
- "Glance at the New Currency", by Wang Yu, Tung Nan Jih Pao (Shanghai), Aug. 31, 1948.
- "The Right Attitude towards the Financial and Economic Emergency Measures", by Hsiung Kuo-ch'ing, Chin Yung, Sept. 2, 1948.
- "Increase of Capital of Banks", by Chieh, The Economics Weekly, Sept. 2, 1948.
- "How to Stabilise the Value of the Currency", by Chu Sheng-tao, The Economics Weekly, Sept. 2, 1948.
- "Financial Measures in Connection with the New Currency", by Feng Hua-te, The Economic Review, Sept. 4, 1948.
- "New Money and Price Control", by Fang Ping-chu, Idem.
- "Financial Market in Shanghai after the Monetary Reform", by Yung Lung-kwei, Idem.

- "Criticisms of the Financial and Economic Emergency Measures", by Chao Nai-chuan, Idem.
- "Monetary Reform and Inflation", by Ting Hung-fan, Idem.
- "On the Currency Reform", by Lou Li-tsai, Business World, Sept. 5, 1948.
- "Monetary Reform", Conference sponsored by the Economic Research Institute of Fu Tan University, Shang Pao (Shanghai), Sept. 6, 1948.
- "Loopholes in the Currency Reform", by He Shih-ch'i, Chin Yung Jih Pao (Shanghai), Sept. 9, 1948.
- "Issue of the Gold Yuan Notes", by Yu Ju-lung, Chung Yang Jih Pao (Shanghai), Sept. 9 & 10, 1948.
- "General Review of the Economic Situation during the Past Week", by Yen Ling, The Economics Weekly, Sept. 9, 1948.
- "New Industrial Crisis", by Su Chi-mei, Idem.
- "The Interest Rate Policy after the Introduction of the Gold Yuan", by Chu, The Economic Review, Sept. 11, 1948.
- "Main Points for the Preliminary Stabilisation of the New Money", by Teng Mou-t'ung, The Economic Review, Sept. 11, 1948.
- "Outlook for the New Currency", by Yang Yin-fu, Bankers' Weekly, Sept. 13, 1948.

U N I V E R S I T E L ' A U R O R E
- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Production of Raw Silk and Silk Trade
in China: Annotated Statistics.

STUDY NO.: XX
Number of pages: 14
Remarks: See important
Appendices on P. 10 ff.

Articles and reports digested and
combined in this Study.

- "Monthly Returns of the Foreign Trade of China", by the Chinese Maritime Customs.
- "Output of Raw Silk in 1947", Information, Shang Pao (Shanghai), December 9th. 1947.
- "Silk Trade during the Past Year", by Ke Ching-chung, China Silk Corporation Review, Jan. 1st 1948.
- "Silk Production and Sales in the Various Regions during the Last Year", Information, Shen Pao (Shanghai), Jan. 14th 1948.
- "Purchases and Sales of Raw Silk by the Central Trust during 1947", Report, Chin Yung Jih Pao (Shanghai), Feb. 22nd 1948.
- "China's Sericulture during the Past Year", by Sun Po-he, Bankers' Weekly, Feb. 23rd 1948.
- "Silk Output and Marketing in the Past Year", Information, Shang Pao (Shanghai), March 22nd 1948.
- "Activities of the China Silk Corporation during 1947", Information, Chekiang Economic Review, April 30th 1948.
- "Production of Silk Cocoons in Kiangsu and Chekiang", Information, Chung Yang Jih Pao (Shanghai), May 17th 1948.

PRODUCTION OF RAW SILK AND SILK TRADE
IN CHINA: ANNOTATED STATISTICS.¹⁾

I. - Sericulture and Silk Output in 1947.

a. Mulberry Planting.

The number of mulberry trees grown in the KIANGSU-CHEKIANG-ANHWEI region increased greatly in 1947. The Haining, Ch'ungte and T'unghsiang districts of Chekiang province, for

EDITOR'S NOTE: 1) As very few reliable data are yet available concerning silk production and trade in 1948, the scope of the present Study is limited to the year 1947. For conditions in 1946, our readers are referred to Document No. 57: "Chinese Raw Silk: its Present Production and Trade" (Monthly Bulletin No. X - September 1947).

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - STUDY NO. XX - Page 1

instance, raised altogether 125,000,000 "Shih Sheng" 1) seedlings, 3,000,000 "Chia Chieh" 1) seedlings and 1,300,000 "Hu Sang" 1) seedlings in Spring. All the "Chia Chieh" seedlings of 1947 were distributed to Kiangsu, Anhwei and other provinces, while the "Shih Sheng" seedlings were partly so distributed and partly reserved for propagation in the following year. KWANGTUNG should have been the most promising province for increase of mulberry tree plantation, but owing to disastrous floods, the number of seedlings raised there was restricted to 30,000,000. Few seedlings were available in SZECHUAN, owing to the fact that only very small numbers were raised in this province and transportation from other regions was difficult.

Table I. Numbers of Seedlings Raised and Propagated in 1947

Region	No. of Seedlings Raised				No. of Seedlings Propagated		
	Shih Sheng	I Chih ²⁾	Chia Chieh	Total	Shih Sheng	Chia Chieh	Total
Kiangsu-Chekiang-Anhwei	20,000	24,240	35,780	80,020	45,000	1,200	46,200
Kwangtung	30,000	---	---	30,000	10,000	---	10,000
GRAND TOTAL	50,000	24,240	35,780	110,020	55,000	1,200	56,200

Mulberry orchards in China covered a total area of 4,530,000 Mow in 1947: 3) 2,000,000 Mow in the East China region, 1,500,000 in the West China region, 230,000 in South China and 800,000 in other places.

b. Silkworm Eggs.

The output of silkworm eggs in Kiangsu and Chekiang fell much behind the demand of the region in Spring 1947. The same may be said of the supply of "Silk-seeds" in the Szechuan province. The production of eggs in Yunnan also showed a marked decline. But the autumn output as a whole was far more favorable. It should further be noted that most of the sheets were of an improved quality.

Table II. Silkworm Eggs Produced in Various Regions in 1947.

Region	Eggs produced in Spring 1947 for rearing in Autumn of the same year.	Eggs produced in Autumn 1947 for rearing in Spring 1948.	Total
Kiangsu & Chekiang	557,415 sheets	1,086,239 sheets	1,643,654 sheets
Szechuan	325,000	145,000	470,000
Yunnan	16,000	140,000	156,000
TOTAL	898,415	1,371,239	2,269,654

NOTES: 1) Literally, "Shih Sheng" means: grown from the seed; "Chia Chieh": grafted, and "Hu Sang": lake-mulberry.

2) "I Chih" means: transplanted.

3) 1 Mow = 6.744785 ares.

c. Silkworm Rearing and Silk Output.

According to the estimate of a Chinese economist Mr. Sun Po-he, the total of raw silk produced in the whole of China reached 73,000 Kuan Tan ¹⁾, about 150% of the total of the preceding year.

Table III. Silkworm Rearing and Output of Raw Silk in 1947

Region	Improved Eggs (Sheets)			Estimated Output of Raw Silk (Kuan Tan)
	Spring	Autumn	Total	
Kiangsu-Chekiang-Anhwei	1,100,000	500,000	1,600,000	40,000 (incl. 6,000 Kuan tan of lustring)
Szechuan & Yunnan	140,000	325,000	465,000	13,500
Kwangtung	3,000	5,200	8,200	8,500
Other regions	---	---	---	11,000 (incl. wild silk)
GRAND TOTAL	1,243,300	830,200	2,073,200	73,000

The Shang Pao (Shanghai) of Dec. 9th 1947, however, gives the following detailed figures concerning the classified output of raw silk in the various regions, which are slightly different from those given above:

Table IV. Estimated Classified Output of Raw Silk in 1947.

Region	Estimated Output (Unit: Kuan Tan)	
KIANGSU-CHEKIANG-ANHWEI		41,000
Raw silk, steam-filatured	28,000	
Lustring	7,000	
Raw silk, not re-reeled nor steam-filatured	6,000	
SZECUHAN-YUNNAN		13,200
Raw silk, steam-filatured	35,000	
Raw silk, small steam-filatured (Hsiao Ch'ang Ssu)	2,000	
Raw silk, not re-reeled nor steam-filatured	8,000	
KWANGTUNG		10,500
Raw silk, steam-filatured	4,500	
Raw Silk, not re-reeled nor steam-filatured	6,000	
OTHER REGIONS		9,200
Wild silk (Cha Ts'an Ssu) & silk pengees	8,000	
Raw silk	1,200	
GRAND TOTAL		74,200

NOTE: 1) Kuan Tan (Customs Picul) = 60.48 kgs.

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - STUDY NO. XX - Page 3

d. Silk Loans.

After reviewing the divers phases of the production of silk, it is interesting to know what part the Chinese Government has played in fostering this industry.

The Government made large loans to the provinces of Kiangsu, Chekiang and Anhwei, in 1947, to implement their plans for silk production and marketing. 317 cocoon collecting stations were opened in the spring and 159 in the autumn of that year, at which altogether 185,223 Shih Tan of fresh cocoons were collected. It is reported that 10,298 reels were put into operation for producing 12,370 Kuan Tan of steam-filatured silk.

The loan policy of the Government was carried out on a much smaller scale in Szechuan and Kwangtung with corresponding results for cocoon collecting and silk filature as shown below:

Table V. Loans to Silkworm Rearers and Silk Reelers in the Various Regions in 1947.
(Unit: CN\$1,000)

<u>Region</u>	<u>Spring</u>	<u>Autumn</u>	<u>Total</u>
Kiangsu- Chekiang- Anhwei-			
Szechuan	341,100,000	20,484,000	361,584,000
Kwangtung	17,600,000	26,000,000	43,600,000
		8,350,000	8,350,000
TOTAL	358,700,000	54,834,000	413,534,000

Table VI. Cocoons Collected as a Result of Loans in the Various Regions in 1947.

<u>Region</u>	<u>Spring</u>	<u>Autumn</u>	<u>Total</u>
Kiangsu- Chekiang- Anhwei			
Szechuan	174,829 Shih Tan	10,394 Shih Tan	185,223 Shih Tan
Kwangtung	23,600	10,100	33,700
		3,263	3,263
TOTAL	198,429	23,757	222,186 Shih Tan

Table VII. Filatured Silk Yielded from the Cocoons Collected in the Various Regions in 1947.

<u>Region</u>	<u>Spring</u>	<u>Autumn</u>	<u>Total</u>
Kiangsu- Chekiang- Anhwei			
Szechuan	11,780 Kuan Tan	590 Kuan Tan	12,370 Kuan Tan
Kwangtung	1,500	630	2,130
		211	211
TOTAL	13,280	1,431	14,711 Kuan Tan

II. - Silk Trade in 1947.

a. Export Figures

The export of raw, manufactured and waste silk in the year 1947 totalled 2,189,806 Kg., showing a 23% increase over the silk export of 1946.

Table VII. Quantity and Value of the Export of Chinese Raw, Manufactured and Waste Silk in 1946 and 1947 ¹⁾.

Kind	Year 1946		Year 1947	
	Quantity (kg)	Value (CN\$1,000)	Quantity (kg)	Value (CN\$1,000)
Raw silk ²⁾	860,876	31,591,351	523,557	175,789,582
Manufactured silk ³⁾	178,382	11,548,265	512,690	158,147,701
Waste silk	740,834	1,926,113	1,153,559	25,297,983
TOTAL	1,780,092	45,065,729	2,189,806	359,235,266

An analysis of the shipments during the various months ⁴⁾ indicates that a great depression was experienced in the export of raw silk during the second half of the year 1947, beginning in June (when the quantity shipped abroad fell to hardly 1/10 of that of May) and becoming continually worse during the following three months. As a result, the exports in this category for the whole year of 1947 equalled only 61% of those for 1946. Conversely, a great increase took place in the export of manufactured silk in 1947, which was equivalent to 2.9 times the figure for 1946, while the export of waste silk marked a rise of 56% over the preceding year.

In order to grasp the real significance of the above figures, it is useful to compare them with exports in previous year. The annual export of Chinese silk during the 10 years preceding the War (1927-1936) averaged 14,924,050 kg., which, being worth 156,858,000 prewar Chinese dollars, represented about 14.69% of the total export value of the same period, and equalled 10.08% of the total import value.

Owing to war devastations, the average annual export of silk and silk manufactures decreased to 7,608,800 kg. during the period 1937-41, and further dropped to 1,059,300 during 1942-45. So, despite its slight increase over 1946, the total silk export in 1947 was equivalent only to 1/7 of the figure of the prewar years.

NOTES: 1) Compiled from the Monthly Returns of the Foreign Trade of China, 1946 and 1947 (Chinese Maritime Customs).

2) For classified exports of raw silk in 1947, see Appendix I on p. 10

3) This includes silk piece goods (mixtures of natural and artificial silks, with or without other fibres), and also silk and cotton mixtures. For classified exports of manufactured silk in 1947, see Appendix II on p.10

4) For a comparison between the corresponding monthly exports of Chinese raw, manufactured and waste silk in 1946 and 1947, see Appendix III on p. 11

It is especially unsatisfactory to note that the value of silk exports in 1947 represented only 5.63% of the total value of all exports of the same year, as against 11% in 1946.

Table IX. Percentage of Silk Export Value in the Total Value of all Exports in 1946 and 1947.

Year	Total Value of Silk export	Total value of all exports	%
1946	CN\$ 45,065,729,000	CN\$ 412,111,811,000	11.00
1947	CN\$352,235,266,000	CN\$6,376,504,297,000	5.63

b. Ports of Export.

The silk exports via the Shanghai Customs was 76.31% of the total exports for the whole of China in 1947, as against 71.84% in 1946. It is particularly to be mentioned that 85.07% of China's exported raw silk and 89.09% of her exported manufactured silk were shipped from Shanghai. The reason for the predominant role played by this port is that its neighbouring regions, Kiangsu, Chekiang and Anhwei, were assuming ever increasing importance in China's sericulture.

Table X. Percentage of Silk Export via the Shanghai Customs in the Total Silk Exports of China in 1947 1) 2).

	Export via Shanghai	Export of China	%
Raw silk	445,390 kg.	523,557 kg.	85.07
Manufactured silk	456,799 "	512,690 "	89.09
Waste silk	768,770 "	1,153,559 "	66.64
TOTAL	1,670,959 "	2,189,806 "	76.31

Canton and the other southern ports of Kowloon, Swatow and Lappa were formerly important centres for the exportation of silk products, but their shipment of raw silk in 1947 reached only about 22% of the figure for the preceding year. This was due to the fact that the Kwangtung province produced smaller quantities of steam-filatured silk than in 1946, but yielded more non-reeled and non-steam-falatured silk, destined for domestic consumption. These same ports, however, exported 11 times as much manufactured silk as in the preceding year, which implies a growing market of silk fabrics in the various countries of South Asia.

A total of 53,683 kg. of raw silk was exported via Kuming and Mengtzu in the South-western province of Yunnan, but no export was reported either of manufactured silk or of waste silk.

All the silk exports of Sinkiang, in the North-west, went to the USSR.

NOTES: 1) Compiled from the Custom's Trade Returns.

2) For classified exports of raw, manufactured and waste silk via the Shanghai Customs during the year 1947, see Appendix IV on p. 12.

Table XI. Ports of Export for Chinese Silk 1).

Port of Export	Raw Silk	Manufactured Silk	Waste Silk	Total
Shanghai	445,390 kg.	456,799 kg.	763,778 kg.	1,670,959 kg.
Canton, Kowloon,)				
Swatow & Lappa)	9,926	51,012	384,789	445,727
Kunming & Mengtzu	53,683	---	---	53,683
Sinkiang	14,558	871	---	15,429
Others	---	4,008	---	4,008

c. Destinations of the Exports.

Among buyers of Chinese silk in 1947, European countries continued to hold the first place, as in 1946 2). Asian countries such as India, Burma and Indo-China ranked second, and Hongkong and Macao were the third largest customers. Then came N. & S. America and Africa, lagging far behind. Exports to Australia and the Philippine Islands were negligible.

Table XII. Destinations of Chinese Silk Exports in 1947 3).

		% in the Total
European countries	900,736 kg.	41.13
Asia	593,977	27.12
Hongkong and Macao	493,649	22.54
N. & S. America	167,610	7.65
Africa	23,430	1.07
Australia and Philippine Islands	4,319	0.19
TOTAL	2,189,806	100.00

Considered individually, India was the greatest importer of both Chinese raw and manufactured silks, purchasing 163,851 kg. and 349,560 kg. respectively, while USA (145,398 kg.), USSR (59,875 kg.) and Burma (53,683 kg.) ranked next for raw silk and Hongkong for manufactured silk (90,657 kg.). Waste silk was almost exclusively destined for Europe, Belgium buying 276,429 kg., France 172,569, Great Britain 134,808, Switzerland 102,268 and Italy 66,345. Though the export of waste silk to Hongkong reached the high mark of 390,878 kg., most of the cargoes arriving there were further shipped to either European or American countries.

It is worthy of notice that the importance of the U.S.A. as a large consumer of Chinese silk was rapidly diminishing. In 1946, she was still the leading importing country for Chinese raw silk (353,363 kg.) and silk product as a whole (427,275 kg.). But in 1947 her import of Chinese raw silk dropped to 145,398 kg. and her total silk import to 165,226. This striking fall was caused by the following factors: before the War, the U.S.A. used to consume annually more than 30,000,000 kg. of raw silk. But owing to lack of raw silk, artificial silk gained ground during the War, and the current requirement of raw silk in that country has dropped

NOTES: 1) Compiled from the Customs' Trade Returns.

2) For a detailed tabulation of the destinations of the exports of Chinese raw, manufactured and waste silk in 1946 and 1947, see Appendices V and VI on p.13 and P.14 respectively.

3) Compiled from the Customs' Trade Returns.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY NO.XX - Page 7

to only 1/6 of the pre-war level. Furthermore, the American Commercial Company, in coordination with the policy of the U.S. Government, has dumped large quantities of Japanese silk on the U.S. market.

As against the disturbing slump in American demand it is gratifying to stress that exports to India, Burma and Indo-China have made great strides, and China should make efforts to further this development.

d. The Central Trust and China Silk Corporation's share in the Silk Trade.

As the Central Trust and China Silk Corporation were the two biggest silk traders in China, it is interesting to have a look at their activities during the year 1947, in so far as the scarcity of information on the matter allows.

According to report by the Central Trust itself, its purchases and sales of raw silk that year were as follows :

Table XIII. Purchases by the Central Trust during 1947.

Grade A	135 Tan
" B	1,214
" C	1,755
" D	3,065
" E	1,175
" F	25
" G	2
TOTAL	<u>8,371 Tan</u>

Table XIV. Sales by the Central Trust during 1947

EXPORT		<u>4,123 Tan</u>
to U.S.A. (incl. consignments)	1,350 Tan	
India	1,350	
U.S.S.R. (barter)	600	
Burma	370	
Great Britain	340	
France	73	
Indo-China	40	
SALES AT HOME:		<u>1,000 Tan</u>
Allocations to various factories	1,000 Tan	
GRAND TOTAL		<u>5,123 Tan</u>

The Chekiang Economic Review of April 30th, 1948, reports that the China Silk Corporation sold altogether 2,708 bales of raw silk in 1947, receiving CN\$15,365,577.981 and US\$941,018.07. The details of the transaction may be seen below :

NOTE: 1) 1 bale of silk or lustring weighs 60 kgs.

Table XVII. Sales of Raw Silk by the China Silk Corporation in 1947.

Shipments to Great Britain	82 bales
" " France	70
" " Siam	60
" " India	20
Export through the Barter Department of the Central Trust	400
Export through Foreign Firms	225
Sales of Previous Consignments of 1946 in U.S.A.	900
in France	100
Sales to Factories and Consumers at home	841
TOTAL	<u>2,708 bales</u>

Apart from the above, the Corporation allotted 445 bales of raw silk to its Experimental Factories Nos. 1 & 2.

With regard to lustring : the Corporation is said to have actually sold 212 cases¹⁾ and 2246 bales, receiving in return CN\$36,448,366,500; 53 cases and 8 bales were sold in Great Britain and India and 59 cases and 2238 bales were supplied to factories in this country. Six cases were also allotted to the Experimental Factory No. 1 of the Corporation itself. It may also be mentioned that 3 separate lots of lustring totalling 225 cases were sent to India for sale on the basis of consignment. However, they were not entirely sold out at the end of 1947 and accounts of the transactions thereon have not yet been published.

The three Experimental Factories of the China Silk Corporation sold up to the end of December altogether 12,046 pieces of silk piece goods of a total length of 605,031 yards, 16 pieces or 817 yards of these being shipped to U.S.A. These sales brought in CN\$27,526,071,082 to the Company.

The Silk Corporation at the beginning of 1947, purchased large quantities of silk piece goods left by the Japanese and the puppet regime in Tainan. After dressing, these goods were put on the market in March and at the end of the year sales totalled 45,935 pieces (or 1,428,662 yards plus 7,618 pieces - the latter's number of yards is not being given) and brought in CN\$49,996,309,823. Of the above quantity, 5,544 pieces were exported to India, 27,992 pieces sold on the domestic market, and 54 pieces allocated to employees of the Corporation or distributed to buyers as samples.

In addition to the above, 4 lots of silk piece goods were shipped to India as consignments, but not having been sold out they are left out of account here.

Finally, the Silk Corporation sold 4,263.42 Kuan Tan of waste silk for CN\$2,003,892,966 and 598.66 Kuan Tan of waste cocoons for CN\$790,945,135.

NOTE: 1) 1 case of lustring weighs 50 kgs.

Appendix I. Classified Exports of Chinese
Raw Silk in the year 1947¹⁾

<u>Classified items</u>	<u>Quantity</u> (Kg.)	<u>Value</u> (Unit:CN\$1,000)
Raw silk, reeled from doupions	1,980	155,717
Raw silk, white, not re-reeled nor steam-filatured	55,765	4,947,253
Raw silk, white, re-reeled	33,053	5,174,610
Raw silk, white, steam-filatured	390,937	162,158,051
Raw silk, wild, filatured	2,497	277,826
Raw silk, wild, not filatured	489	15,088
Raw silk, yellow, not re-reeled nor steam-filatured	20,524	1,195,645
Raw silk, yellow, re-reeled	11,093	1,273,730
Raw silk, yellow, steam-filatured	5,719	586,555
Silk cocoon strippings	---	---
Silk yarn waste	---	---
Silk cocoon refuse (including pierced cocoons) and wild silk	1,500	5,157
TOTAL	523,557	175,789,582

Appendix II. Classified Exports of Chinese
Manufactured Silk in the year 1947¹⁾

<u>Classified items</u>	<u>Quantity</u> (Kg.)	<u>Value</u> (Unit:CN\$1,000)
Silk embroideries	18,073	5,742,580
Silk piece goods, natural	90,991	36,299,675
Silk piece goods, natural & artificial (Mixture)	325,507	99,370,789
Silk piece goods, Mixtures of Natural & or Artificial Silk with other fibres	6,569	574,300
Silk pongees, Honan	35,708	10,801,570
Silk pongees, Shantung	6,699	983,523
Silk pongees, n.o.r.	17,761	3,515,121
Silk products, n.o.r.	10,804	758,355
Silk and Cotton Mixtures	578	91,787
TOTAL	512,690	158,147,701

NOTE: 1) Compiled from the Customs' Trade Returns.

Appendix III. Comparison Between the Corresponding
Monthly Exports of Chinese Raw and
Manufactured Silk in 1946 & 1947 1)
(Unit : Kilogrammes)

a. Raw Silk

Month	1946	1947
January	58,068	33,099
February	42,853	158,256
March	15,718	84,414
April	38,105	33,173
May	78,715	76,615
June	21,487	7,369
July	184,261	5,245
August	223,208	2,065
September	120,707	1,566
October	10,488	
November	70,522	
December	33,087	

b. Manufactured Silk

Month	1946	1947
January	797	19,138
February	3,732	39,447
March	1,551	16,492
April	2,311	17,253
May	4,747	28,114
June	4,459	86,036
July	7,504	36,749
August	35,291	112,601
September	52,969	5,827
October	10,216	
November	29,125	
December	18,380	

c. Waste Silk

Month	1946	1947
January	12,805	50,360
February	100	88,176
March	1,483	43,447
April	15,538	84,035
May	1,240	105,088
June	75,107	90,390
July	85,354	55,865
August	81,983	223,959
September	242,179	90,535
October	90,115	
November	72,185	
December	77,549	

NOTE:

1) From "Silk Trade during the Past Year", by Ke Ching-chung,
China Silk Corporation Review, Jan. 1st. 1948.

d. Total		
Month	1946	1947
January	71,770	102,592
February	46,685	285,879
March	18,762	94,353
April	45,954	134,461
May	84,702	210,217
June	101,053	183,795
July	277,119	97,859
August	340,482	338,625
September	415,855	97,918
October	110,819	
November	171,832	
December	129,020	

Appendix IV. Exports of Raw, Manufactured and Waste
Silk via the Shanghai Customs in the
year 1947 1)

Raw Silk

Raw silk, reeled from doupions	1,219 kg.
Raw silk, white, not re-reeled nor steam-filatured	38,058
Raw silk, white, steam-filatured	27,330
Raw silk, wild, filatured	372,864
Raw silk, yellow, not re-reeled nor steam-filatured	2,497
Raw silk, yellow, re-reeled	429
Raw silk, yellow, steam-filatured	209
Silk cocoon strippings	302
Silk yarn waste	2,482
Silk cocoon refuse (including pierced cocoons) and wild silk	1,100
TOTAL	446,490 kg.

Manufactured Silk

Silk embroideries	10,948 kg.
Silk piece goods, natural	54,759
Silk piece goods, natural & artificial (Mixture)	324,841
Silk piece goods, Mixtures of Natural & or Artificial Silk with other fibres	5,477
Silk pongees, Honan	35,708
Silk pongees, Shantung	5,671
Silk pongees, n.o.r.	17,169
Silk products, n.o.r.	1,699
Silk and Cotton Mixtures	527
TOTAL	456,799 kg.

<u>Waste Silk</u>	768,770 kg.
-------------------	--------------------

NOTE: 1) Compiled from the Customs' Trade Returns.

MONTHLY BULLETIN NO.XX - Aug.Sept. 1948 - STUDY NO.XX - Page 12

Appendix V. Destinations of the Exports of Chinese
Raw, Manufactured & Waste Silk in the
Year 1946 ¹⁾
(Unit : kilogrammes)

<u>Destination</u>	<u>Raw Silk</u>	<u>Manufactured Silk</u>	<u>Waste Silk</u>	<u>Total</u>
<u>EUROPE</u>	<u>196,129</u>	<u>16,449</u>	<u>284,557</u>	<u>497,135</u>
France	58,446	6,038	170,866	235,350
Belgium	22,596	1,428	66,857	91,881
USSR	76,854			76,854
Switzerland	27,169	1,867	43,517	72,553
Great Britain	10,044	2,754	1,690	14,488
Italy	60	643	22	725
Others		3,719	1,565	5,384
<u>HONGKONG & MACAO</u>	<u>50,511</u>	<u>2,976</u>	<u>414,896</u>	<u>494,683</u>
Hongkong	50,211	2,976	411,903	491,390
Macao	300		2,993	3,293
<u>N. & S. AMERICA</u>	<u>353,363</u>	<u>31,053</u>	<u>55,096</u>	<u>439,512</u>
U.S.A.	353,363	28,816	55,096	427,275
Canada		642		642
C. & S. America		1,595		1,595
<u>SOUTH-ASIA</u>	<u>232,299</u>	<u>84,206</u>	<u>1,089</u>	<u>347,594</u>
India	235,798	75,884	1,089	312,771
Burma	20,195	25		20,220
Indo-China	1,519	1		1,520
Others	4,787	8,296		13,083
<u>AFRICA</u>	<u>24,917</u>	<u>7,782</u>		<u>32,699</u>
Egypt	24,917	4,122		29,039
Others		3,660		3,660
<u>AUSTRALIA & SOUTH PACIFIC ISLANDS</u>		<u>2,199</u>	<u>45</u>	<u>2,244</u>
<u>OTHERS</u>		<u>94</u>		<u>94</u>
<u>GRAND TOTAL</u>	<u>887,219</u>	<u>171,051</u>	<u>755,683</u>	<u>1,813,953</u>

NOTE: 1) cf. "Silk Trade during the Past Year" by Ke Ching-chung,
China Silk Corporation Review, Jan. 1st. 1948.

Appendix VI. Destinations of the Exports of Chinese
Raw, Manufactured and Waste Silk in
the Year 1947. 1)
(Unit : Kilogrammes)

<u>Destination</u>	<u>Raw Silk</u>	<u>Manufactured Silk</u>	<u>Waste Silk</u>	<u>Total</u>
<u>EUROPE</u>	<u>109,604</u>	<u>38,713</u>	<u>752,419</u>	<u>900,736</u>
Belgium	888	8,120	276,429	285,437
France	14,120	12,705	172,569	199,394
Great Britain	31,625	6,519	134,808	172,952
Switzerland	3,096	457	102,268	105,821
Italy		3,059	66,345	69,404
USSR	59,875			59,875
Sweden		7,002		7,002
Others		851		851
<u>ASIA</u>	<u>235,079</u>	<u>358,898</u>		<u>593,977</u>
India	163,851	349,560		513,411
Burma	53,683			53,683
Indo-China	16,888			16,888
Others	657	9,338		9,995
<u>HONGKONG & MACAO</u>	<u>12,283</u>	<u>90,488</u>	<u>390,878</u>	<u>493,649</u>
Hongkong	12,283	90,067	390,878	493,228
Macao		421		421
<u>N. & S. AMERICA</u>	<u>145,398</u>	<u>11,950</u>	<u>10,262</u>	<u>167,610</u>
U.S.A.	145,398	9,566	10,262	165,226
Canada		799		799
Mexico & S. America		1,585		1,585
<u>AFRICA</u>	<u>15,950</u>	<u>7,480</u>		<u>23,430</u>
Egypt (incl. Anglo-Egyptian Sudan)	15,949	4,498		20,447
British East Africa		1,709		1,709
Union of South Africa & Rhodesia	1	1,273		1,274
<u>AUSTRALIA & PHILIP- PINE ISLANDS</u>	<u>3,013</u>	<u>1,306</u>		<u>4,319</u>
Australia	3,013	591		3,604
Philippine Islands		715		715
<u>OTHERS</u>	<u>2,838</u>	<u>3,855</u>		<u>6,693</u>
<u>REIMPORTED FROM ABROAD</u>	<u>- 608</u>			<u>- 608</u>
<u>GRAND TOTAL</u>	<u>523,557</u>	<u>512,690</u>	<u>1,153,559</u>	<u>2,189,806</u>

(End)

NOTE: 1) Compiled from the Customs' Trade Returns.

MONTHLY BULLETIN NO.XI - Aug.-Sept. 1948 - STUDY NO.XX - Page 14

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 65761

Notes on Coal in Kiangsi

STUDY NO.: XXI
Number of pages: 9

Articles and reports combined and
digested in this Study:

- "Geology of Western Kiangsi" by P. Kao and K.C. Hsu, a memoir published by the National Geological Survey of China and the Institute of Geology of the National Academy of Peiping, December 1940.
- "P'ingshiang to Use Machinery", Shang Pao, May 13, 1947.
- "Coal Deposit in Kiangsi", National Journal of Commerce, September 30, 1947.
- "Output of K'eng'ou Coal Mine", Chung Yang Jih Pao, Shanghai Edition, January 23, 1948.
- "Coal Mines in Kiangsi", Shang Pao, March 29, 1948.
- "Coal Production in Kiangsi for 1947", Economic Development Quarterly, (Kiangsi), No.V. April 1948.
- "A Plan for the Development of Mining in Kiangsi", by Hsia Hsiang-yung, Yen K'uen-yuan, Hsiung-Kung-hsiang and Chang-Jen-chun, Economic Development Quarterly (Kiangsi), No.V. April 1948.
- "T'ienho Coal Mine Plans Increase of Production", Chin Yung Jih Pao, June 24, 1948.
- "Increase of Coal Production in Western Kiangsi Planned", Shen Pao, September 6, 1948.
- "The Kaok'eng Coal Mine" by Liu Tsao, Shen Pao, September 8, 1948.
- "Colossal Future for the P'ingshiang Coal Mine" by Liu Tsao, Shen Pao, September 9, 1948.

NOTES ON COAL IN KIANGSI

Coal deposits in Kiangsi are distributed in four belts running in the same direction across the province, ENE to WSW: two of them, the Northern and Southern, are of minor importance, while some mines in the two central Belts may be of basic value for the economic development of Kiangsi and neighbouring provinces.

i/ The Northern Belt, the smallest, extends along the Hsiushui Valley in the districts of Kiukiang, Jitch'ang, Tean and Wuning.

ii/ The Main Central Belt extends from Lop'ing, South East of the Poyang Lake, to P'ingshiang near the border of Hunan, with other coal bearing areas found in P'oyang, Wannien, Yukan, Chihhsien,

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - STUDY No. XXI - Page 1

Fengch'eng, Kaoan, Hsinyu, Feni, Wantsai and Ioh'un. Both bituminous and anthracite are abundant in this belt.

iii/ The Secondary Central Belt with a predominance of anthracite includes Kuanfeng in the East near Chekiang Province, Shangjiao, Kuangfeng, Yuanshan, Nanch'eng, Ch'ungjen, Chishui, Chian, Anfu, Yungshin and Lienhua.

iv/ The Southern Belt covers the anthracite bearing coal fields in the south of the province. They are much broken up by the abnormal growth of igneous rocks and are of little economic use.

There are most varied estimates concerning the coal reserve of the province. Recent surveys however assuming that the exploitation will be limited to 500 m. in depth, arrive at about 700,000,000 m.t. of which 460,000,000 are bituminous and 240,000,000 anthracite.

<u>Hsien</u>	<u>Reserve</u>	<u>Hsien</u>	<u>Reserve</u>
P'inghsiang	177,424,000	Yutu	5,000,000
Yukan	72,945,000	Hsinfeng	5,000,000
Fengch'eng	55,138,000	Linch'uan	5,000,000
Ioh'un	34,920,000	Ts'ingkiang	4,000,000
Lop'ing	32,606,000	Juich'ang	4,000,000
Chinhsien	22,945,000	Wuning	4,000,000
Chian	23,171,000	Yukiang	3,000,000
Kaoan	22,400,000	Buliang	3,000,000
Hsinyu	17,000,000	Kiukiang	3,000,000
Shangjiao	16,830,000	Wanan	3,000,000
Ch'ungjen	15,000,000	Shangyu	2,000,000
P'oyang	12,324,000	Lungnan	2,000,000
Kuangfeng	12,000,000	Ch'ungi	2,000,000
Feni	11,627,000	Hsinchien	2,000,000
Wantsai	11,200,000	Tehsing	1,500,000
Yushan	11,000,000	Wuyuan	1,000,000
Yuanshan	10,000,000	Yungshin	1,000,000
Hengfeng	9,020,000	Kweich'i	1,000,000
Anfu	8,610,000	Ch'ienan	1,000,000
Shangkao	8,400,000	Anyuan	1,000,000
Chishui	8,107,000	Tean	1,000,000
Yungfeng	7,000,000	Hsiakiang	520,000
Lienhua	7,000,000	T'aiho	84,000
Wannien	5,325,000	Others	5,000,000

I. - The P'olo Coal Fields.

The P'olo Coal fields are located between Hungmen'ou in Poyang and Mingshan in Loping.

The thickness of the coal measures varies from 250-400 m. It is composed essentially of an alternation of sandstone and shales, together with several layers of limestone as at Kingshan in Loping. Only one principal coal seam varying from 13.15 feet or more in thickness is worked, though several minor coal seams mostly unworkable, occur both above and below the principal one. At Mingshan, the most famous mine in Loping district, coal seams are reported to be quite regular and persistent, whereas in other places there is usually great variation in thickness.

The coal is of a very particular kind, so remarkable that it should form a special type by itself. It is exceptionally rich in volatile matter (30.37 - 62.78%) and low in water (0.20.1 -

1.78%). Before the war, fourteen analyses of the Loping coal had been made by different analysts. In eleven out of these fourteen the percentage of volatile matter greatly exceeds that of the fixed carbon while in an extreme case the volatile matter content is nearly twice that of fixed carbon. On the whole, the coal is rather rich in sulphur varying from 2 to 5.5%. Ash content is extremely variable (3.72 - 64.96%). The calorific power is rather low varying from 6,000 to 8,000 BTU or more.

The reserves of the P'olo fields, according to the Economic Development Quarterly, (April 1948) are estimated at 33,000,000 metric tons of which 10,000,000 lie in Ch'iaot'ouch'iu and 23,000,000 in Mingshan.

Before the War, the production under the P'olo Coal Mining Company totalled some 300 tons daily at Mingshan and some 500 at Hungmenk'ou. These two mines, shortly after V-J Day, were placed under the operation of the Hsin Lo Enterprise with the aim of producing 4,800 tons per month. Since the monthly production had never exceeded 1,300 at the end of 1946 exploitation was interrupted. In Feb. 1947, these two mines were taken over by the Huainan Coal Mining Company and are being operated under a new name, the Kiangnan Coal Mining Company. Native methods are still employed. The production totalled 11,890.85 metric tons for the first six months of 1947. As reported by the local Shang Pao, March 29, 1948, the daily production has been raised from 63 to 600 tons since last winter. New pits are being sunk with a view to supplying coal for Kiukiang Nanchang Railway. Production is expected to reach 1,000 tons daily.

II. - The P'inghsiang Coal Area.

The name of P'inghsiang is commonly associated with the Han-Yeh-ping Iron Works which it provided with metallurgical coke in prosperous times. P'inghsiang is in fact one of the few places and the most important in South China, where good coke can be obtained. Analyses made before the war give the following results:

Water.....	1.119	0.840
Fixed Carbon...	86.941	88.060
Ash.....	10.940	11.100
Sulphur.....	1.000	

In this study however, we are mainly concerned with coal reserves and mining.

In reviewing the P'inghsiang coal ores we shall first consider the two principal mining districts, Anyuan and Kaok'eng and then two minor ones: Maling and Ch'ashanli.

1. - Anyuan and Kaok'eng coal mines.

The whole mining area of P'inghsiang, stretching from NE-SW, is 9 kms. in length and 4 kms in width. In the North and Northeast are Tertiary red beds, and in the South and Southeast are Triassic sandstone shales. Coming down from Huangk'eng to the East, the altitude declines from 400 to between 1 and 2 hundred metres near Kaok'eng, Wangchiayuan and Tzuchiach'ung. The outcrop appearing here is said to be 8 kms long. Its thickness however decreases very much on approaching the western edge near Huangk'eng, so that the workable length is only 7 kms.

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XXI - Page 3

The coal seams, totalling some 13 altogether, are mainly in Kaok'eng, Wangchiayuan and Tzuchiach'ung. These seams run along the same ENE to WSW trend and have a synclinal structure of 15° to 30° (average 25°). The main seams are known locally as the "P'eng Tsao" and "Ta Tsao". Their thickness varies considerably but on the average it is said to be about 4 metres. Both are intercalated with limestone shales 0.5 - 2.0 metres thick. Secondary coal seams are known by various names such as I Hsia Tsao, San Hsia Tsao, Yentze Tsao, Yingtze Tsao, Ma Ku Tsao, Sao Pien Tsao, etc....

The reserves still exploitable in Anyuan, in Tzuchiach'ung-Shiaok'eng and Anyuan-Huangk'eng, which had been estimated at 8,600,000 metric tons in the 1937 report of the Kiangsi Geological Survey, were put at some 37,600,000 metric tons by P. Kao and K.C. Hsu in more recent surveys.

Estimates established by Chu Ch'ien in 1933 gave the coal reserve in Kaok'eng (including Wangchiayuan) at 30-40 million metric tons. Here again a new survey made by the Coal Mining Administration of West Kiangsi arrived at 63,000,000 tons.

Various analyses of coal samples from Anyuan and Kaok'eng are given below.

Coal sampled from Anyuan.

<u>Sample Taken</u>	<u>Water</u>	<u>Vol. Mat.</u>	<u>Fixed Carb.</u>	<u>Ash</u>	<u>Sulph.</u>	<u>BTU</u>
Ta Tsao	1.02	28.24	63.88	6.86	0.35	7773
Ta Tsao	1.10	30.07	61.80	7.03	0.34	7559
I Hsia Tsao	1.31	29.67	65.30	3.72	0.74	7823
San Hsia Tsao	1.04	32.22	57.16	9.58	0.46	7291
P'eng Tsao	1.18	29.50	63.57	5.75	0.38	7793
Changkung'an (SE of Anyuan)	0.83	23.41	52.97	22.79	0.56	6351

Coal Sampled from Kaok'eng.

San Hsia Tsao	1.02	28.65	49.98	20.34	0.57	6330
I Fen Ching	2.44	23.18	54.04	20.34	1.27	12055
San Fen Ching	2.19	23.44	58.60	15.77	0.8	12958
Sze Fen Ching	3.29	21.95	55.94	18.82	0.3	12207

Since V-J Day, exploitation of these coal fields has been placed under the Coal Mining Administration of West Kiangsi of the National Resources Commission.

An engineering section of the Administration has been detailed to Anyuan to supervise the native pits, numbering some 100 units, which the local people began to exploit during the Japanese occupation and which are now a problem to the Administration. Very little can be done to bring the pit proprietors into line with the Government policy of production. However, 4 of the biggest units have been bought over for Government exploitation.

The condition in Kaok'eng is much better.

A large scale power station is being built at Ch'uanchiang-yen by the Administration. According to this project, a total capacity of 14,000 KW will be generated. At present, the installation of a 1,000 KW generator has just been completed and it is to be followed by two more of 1,000 KW and 2,000 KW each. Two 5,000 KW generators will be installed next year to provide enough power for production in three years' time of 5,000 tons of coal daily as planned.

Two new pits at Ch'angt'angwei are being dug but only at a rate of about 20 ft. monthly on account of power shortage. However, the work has doubled its speed since April 1948 when a 50 HP winch, an air compressor (315 cu.ft. per minute) and 75 KW diesel generator arrived. The diameters of these pits are of 18 ft. each. The shaft will reach a depth of 950 ft. At 625 ft. and 925 ft. two separate stone entrances communicating with the various coal seams will be opened. In the No.1 pit a 600 HP electric winch will be installed. In the No.2 pit two 7-ton coal carriers, to be raised by a 1,200 HP electric winch, will be installed. Kaok'eng is soon to be equipped with modern machinery from electric coal cars to automatic coal shoots, compressors, and ventilators.

Meantime the present coal production may be expected to rise to 600 tons daily in Kaok'eng and 250 in Anyuan. The two mines combined gave 10,091.40 metric tons during the first six months of 1947.

2. - Maling and Ch'ashanli Coal fields.

The Maling coal field is located 5-6 kms west of P'inghsiang with a mining area limited to Ts'ingshanp'u in the North, Liukungmiao in the Southwest, the vicinity of T'ungch'eng in the South, two kms beyond the west gate of P'inghsiang in the East. There are some 7 coal seams in this field but only 3 or 4 are exploitable. The average thickness totals 3 metres and the outcrop is 4 kms in length. The reserve is estimated at 7,020,000 metric tons. Coal found in this area is chiefly semi-bituminous and anthracite. During the War, the Maling coal used to have a wide market in Changsha, Hunan Province.

The Ch'ashanli coal field, 16 kms southwest of P'inghsiang in the vicinity of Liukungmiao and Huchiafang has an outcrop only 2 kms long with a deposit of 3,540,000 metric tons. Semi-bituminous is mostly found throughout this field, but bituminous is also obtainable in the vicinity of Wuk'out'ang at Liukungmiao from which coke was once obtained and sold locally. Various samples taken from Ch'ashanli were analysed as follows:

Water	Vol.Mat	Fixed Carb.	Ash	Sulph.	Calor.
3.83	16.10	65.71	14.35	0.95	6467
1.17	11.21	72.84	14.78	0.81	7050

III. - Other Coal Fields of the Main Central Belt.

1. - The Fengchiang coal field.

The only information available on this field mentions that it has a reserve of about 50,000,000 m.t. of bituminous proper for coking.

2. - The Fengch'eng coal area :

There are many native mines operating near Fengch'eng, central Kiangsi; but only those under the Chienfeng Colliery are worth mentioning.

The Chienfeng fields are located at Kuanmaoshan, Yents'angshan and Yachiaoshan covering a total area of 4,781 mow with an estimated reserve of 1,100,000 tons. One seam of 10 ft. in thickness produces bituminous coal rich in fixed carbon :

Water	1.45
Volatile Matter	36.27
Fixed Carbon	69.80
Ash Content	12.51

In 1947 the Kiangsi Provincial Government made a survey to Linghsia where it was found that good quality coal was obtainable. The water remaining in the pit had to be pumped first before production could be taken up. Preliminary investigation established that during the year 1948 an output of 300,000 metric tons could be yielded. In order to facilitate the transportation of coal thus produced it is now proposed that a light railway 6 kms long be built connecting the coal field to the Kan River.

Another field is said to lie at Julishe in Feng-ch'eng with an estimated reserve of 10,000,000 metric tons.

3. - The Kaochiang coal field of Kaoan :

The coal field is located in the vicinity of the Kaoan-Hsinyu-Tsingkiang border (90 li NE to Kaoan, 70 li S to Hsinyu and 50 li east to Tsingkiang). Stretching from NE-SW the field covers an area of 10 kms in length and 7 kms in width. The main seam, dipping slowly at an angle between 10°-30°, is composed of several synclines and anticlines with many minor folds and faults. Other coal seams are found also in the northern and southern limbs of the synclines in the vicinity of Szekangling, Hsinwu, Kaochiang and Taling.

The extension of the coal seams at Tawangmiao or Szekangling is 6 kms in length, that of Tungling of Kiangchia 4 kms, and that at Szekanli of Kaochiang is 5 kms. The thickness in the vicinity of Tawangmiao and Tungling varies between 1.3 - 1.7 metres and in Kaochiang is 1 metre. An outcrop of 5 kms. appears on both sides of these seams. Reserves are said to be 22,050,000 metric tons of semi-bituminous and non-coking coal.

An analysis made by the Kaochiang Coal Mining Co. is given as follows:

Water	Vol.Mat.	Fix.Carb.	Ash	Sulph.	Calor.
1.10	10.88	71.82	16.20	2.42	6811

Large-scale exploitation is said to be difficult on account of the scattered distribution. Native mines used to be very numerous, operating in Szekangling, Tawangmiao, Tungling, Kaochiang, Szekanli, Taling and Hsiafang.

4. - The Huakushan coal field areas of Hsinyu :

An Asymmetrical synclinal structure, the coal field is located 30 li north of Hsinyu. Some 6 to 7 coal seams were reported after a survey previously made inside the native pits. The main seam operated by the Huakushan Coal Mining Company has a thickness varying between 2 and 4 metres. Several other seams also exist above the main one but are too thin for exploitation. A 2-km outcrop appears at Huakushan and runs to the northwestern foot of the Huanghuling hill. The seam strikes NE-SW dipping at an angle of 50° to the SE.

The coal is bituminous and coking and is said to be of better quality than the P'inghsiang coal. The analysis is given as follows:

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XXI - Page 6

Water	Vol. Mat.	Fixed Carb.	Ash	Sulph.	Calcr.
0.89	24.36	67.51	7.24	0.80	7698

Coal is being sold unwashed in Nanchang, Changshou, Kiukiang and Chian. The mine is workable only during the autumn and winter seasons as it is often flooded in spring and summer.

According to the Economic Development Quarterly, April 1948, the reserves at Huakushan are estimated to be about 17,000,000 metric tons. Modern methods for large-scale exploitation have been proposed as well as the building of a light railway between Hsinyu and Huakushan on the Nanchang-Ich'un section, (Chin Yung Jih Pao, April 6, 1948).

5. - The Peihsiang coal mine at Wantsai :

A wide distribution of the Anyuan series is found at Peihsiang near Wantsai. Many small fields occur in the vicinity of Shihzuli with coal seams varying between 1 and 5 feet in thickness. The coal sample is analysed as follows :

Water	Vol. Mat.	Fixed Carb.	Ash
1.34	6.72	28.66	63.28

No further details are available.

6. - The Sanyangch'iao coal mine near Ich'un :

There is only one seam existing in this mine, where anthracite is produced. The reserves are believed to be 6,720,000 metric tons.

Another coal field, also producing anthracite, has been found at Hsits'un with an estimated reserve of 10,000,000 m.t.

IV. - Main Coal Fields in the Secondary Central Belt.

1. - The K'engk'ou coal mine :

The mine is located at the valley between Fengling-t'ou and Hengfeng in the district of Shangjao, Eastern Kiangsi. The area of this mine covers some 60 li with reserves estimated at 100,000,000 tons. The coal seam was first exploited in 1936. Operation was carried on for one year but was suspended in 1938 on account of financial difficulties. The mine was severely damaged when the Japanese penetrated into Shangjao in 1942.

Exploitation was restored shortly after V-J Day with a daily output of only 3 tons which to-day, has reached more than 30 according to the Chung Yang Jih Pao, Jan. 23, 1948.

Actually there are two shafts operating in this mine. New pits are being drilled to increase the supply of coal for the Chekiang-Kiangsi Railway, which is now using K'engk'ou coal for the trains running between Ch'uchow (Chekiang) and Shangjao (Kiangsi).

2. - The T'ienho coal mine in Chian :

T'ienho, a village 120 li from Chian and 60 li from Yunghsin, is situated on the southern bank of the Hoshui which is navigable by 30 ton barges except in winter. The main field is :

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - STUDY No.XXI - Page 7

near Chouyuan, 20-30 li North of T'ienho, where the coal seams strike ENE-WSW. An outcrop 8 kms in length appears at Shuihuolung passing from West to East through Fengshanhsien, Laolungshan, Hsi-fat'ang, Yaolanwo, Niuwang and terminates at Tungk'eng.

The main productive seam varies from 2.6 - 4 metres in thickness and the reserves are estimated at 13,000,000 metric tons. However, the workable reserves up to a depth of 390 metres, are generally believed to be of around 8,000,000 metric tons only. Especially good quality coal is said to be found 300 ft. below the sea level where exploitation has not begun. The coal measures between 100 ft. above and 300 ft. below the sea level are nearing exhaustion.

The coal obtained, bituminous and coking, is of good quality as shown in the following analysis :

Sample from	Vol.Mat.	Fixed Carb.	Ash	Sulph.	Calor.
Laolung	24.71	54.64	18.96	2.26	6239
Chouyuan	27.22	54.42	17.78	6.95	6500

With a view to increasing the coal supply for Central China, the T'ienho coal field is jointly operated to-day by the Kiangsi Provincial Government and the National Resources Commission.

Actually, exploitation is still being carried out by man power with a total of 13,263.90 metric tons produced during the first six months of 1947. Production should increase when machinery arrives. Meantime, a three-year project has been drawn up by which the production can be raised to 72,000 tons for the first year, 180,000 for the second and 540,000 for the third, provided a 750-KW turbine and two power generators are promptly installed.

Following the improvement of transportation facilities made by the T'ienho Coal Mining Advisory Committee, the daily production was raised from 60 to 200 tons in March. Recently, a request has been filed with the Provincial Government for a sum of CN\$50,000,000,000 to meet new expenses for the increase of production to 15,000 tons monthly, as reported by the Chin Yung Jih Pao, June 24, 1948.

3. - The Fengt'ien coal mine in Anfu :

Starting from Fengt'ien in the East of Anfu the seam continues South and arrives at the northern border of Chian. The reserves are not yet known but the seam at Fengt'ien is 0.50 metres thick. Anthracite is found in this field and has been analysed as follows :

Water	Vol.Mat.	Fixed Carb.	Ash
2.17	4.66	61.12	32.05

4. - The Peihsiang coal field in Lienhua :

The seam is 3-6 ft. thick producing anthracite. The reserves are said to be about 10,000,000 tons. The seam strikes SW from Lienhua to Ch'aling in Hunan. The composition of the Lienhua coal is given in the following analysis :

Water	Vol. Mat.	Fixed Carb.	Ash	Sulph.	Calor.
3.90	2.60	79.26	14.27	0.69	6357
4.21	1.91	73.25	20.63	0.49	5580

+ + +

Licences given for coal mining concessions totalled 58 at the end of 1947. All were operated by private companies except those of Anyang and Kaok'eng in P'ingsiang and the T'ienho mine in Chian. According to an item in the Chin Yung Jih Pao, Feb. 29, 1948, 36 concessions have already resumed operation, 19 in Fench'eng, 5 in Lop'ing and the others in Chian, Shangpao, Heng-feng, Lungyuan, Yuanshan and Linch'uan, with a total estimated output of 500,000 m.t. per year.

A part of the loans (CN\$2,757,000,000,000 and US\$1,600,000) planned by the Bank of Communications to foster coal mining in Central and South China will go to Kiangsi. Express conditions for obtaining these loans are that the beneficiary mines shall surrender all their output to the competent authorities for allocation. The State operated West Kiangsi Coal Mining Administration is said to be the only possible candidate for the time being (Chin Yung Jih Pao, April 12, 1948).

(End)

U N I V E R S I T E L A U R O R E
- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dobail)
Tel: 85761

Supplementary Measures for the
Readjustment of Finance

Promulgated by Presidential Decree
on the 26th of August 1948:

Published in the Shang Pao (Shanghai),
August 27th, 28th & 30th 1948.

Annex No : LXI

Annexes concerned: Nos.
XVIII, L, LI, LIII

LVI, LVII, LVIII & LXI
Number of pages: 20

Remarks: Translated by
our Legal Department.

SUPPLEMENTARY MEASURES FOR THE
READJUSTMENT OF FINANCE¹⁾

I. In connection with changes in the method of tax collection :

- A. Starting from the thirty-seventh year (of the Chinese Republic) ²⁾, the income tax on profit-seeking enterprises shall be collected separately for the first and the second half of each year, the main points being as follows: ³⁾

- 1) The taxpayer shall, separately before the end of August (this time limit being postponed to the end of September for the thirty-seventh year of the Chinese Republic) ⁴⁾ and before the end of February of the

EDITOR'S NOTES: 1) These Supplementary Measures, consisting in changes in the method of collecting certain taxes as well as in revisions of various rates of taxation and of the standards for fines and fees, affect many of the laws and regulations forming Annexes in the previous issues of the Monthly Bulletin, which will be referred to respectively as they occur throughout the Measures. Our readers are therefore requested to make the necessary alterations in each of the Annexes concerned.

2) i.e. year 1948.

3) Compare with the original provisions in the Income Tax Law promulgated by the National Government on the 1st of April 1948: Chapter II, Clause I. "Income from Profit-Seeking Enterprises" (Monthly Bulletin Nos. XVI & XVII - April & May 1948 - Annexes L & LII).

4) Actually so bracketed in the original text of the Measures.

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Annex No. LXI - Page 1

following year, submit a return on the amount of his income during the (past) half year, to the collecting office which shall, after investigation and assessment (of the amount of tax payable), give notice of the payment to be made within a given time limit.

- 2) After the end of each half year, the collecting office may, considering the actual conditions of operation of each business during that half year, estimate the amount of its income, determine the amount of tax payable and notify the taxpayers to make payment thereof within a given time limit. Those taxpayers who make the payment within the time limit as prescribed, shall be exempted from the obligation of submitting any report and furthermore no auditing of their accounts shall be made. Those who have paid the income tax for the first half of the thirty-seventh year (of the Chinese Republic) as estimated, shall further be exempted from paying any amount of tax still remaining due on the income of the thirty-sixth year ¹⁾ after the estimated amount of tax on it had already been paid.
 - 3) Any taxpayer who fails to submit the return or pay the tax within the prescribed time limit, shall be punished in strict conformity with the Income Tax Law.
 - 4) Detailed supplementary measures concerning the submission of the return and estimation of the tax to be paid, shall be laid down by the Ministry of Finance.
- B. In collecting the commodity tax,²⁾ tax on tobacco and wines produced in this country ³⁾ and mineral product tax ⁴⁾, the taxable value shall always be the balance of the wholesale price on the markets on the nineteenth day of August of the thirty-seventh year (of the Chinese Republic) after deducting the actual amount of tax for the period in question; the tax shall be collected at the rate prescribed by the law.

EDITOR'S NOTES: 1) i.e. year 1947.

- 2) cf. Commodity Tax Regulations promulgated by the National Government on the 2nd of April 1948; Article 14 was revised on the 15th of May 1948 and Articles 3, 4 and 5 on the 30th of July 1948 (Annex LVI. 1 in Monthly Bulletin No. XIX-June-July 1948, and Annex LXII in this Bulletin).
- 3) The Regulations governing the Taxation on Tobacco and Wines Produced in this Country were promulgated by the National Government on the 2nd of April 1948; Article 15 was revised on the 15th of May of the same year.
- 4) The Mineral Product Tax Regulations were promulgated by the National Government on the 5th of February 1947.

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Annex No. LXI - Page 2

II. Concerning the revision of the starting points and scales of taxation in relation to pre-war tax rates;

- A. The revised starting point and scale of taxation on income shall be laid down in the attached Table I. 1)
- B. The revised starting point and scale of taxation on inherited properties and the deductions granted shall be as laid down in Table II below 2).
- C. The revised revenue stamp duty rates and the amounts of exemption shall be as laid down in Table III below 3).

III. Concerning the revision of tax rates :

- A. The Customs House besides the import duty 4) shall collect an additional tax for the Rebellion-suppression Period equal to forty per cent of the import duty, except where the duty rates have been agreed upon by a convention.
- B. A tax amounting to Gold Yuan eight dollars shall be collected on each Shih Tan 5) of edible salt; Gold Yuan five dollars and sixty cents shall be collected on each Shih Tan of brine salt or rock salt; and Gold Yuan forty cents on each Shih Tan of salt used in the fisheries. Salts used in industry and agriculture shall be exempted from the tax.

EDITOR'S NOTES: 1) See p. 5 & 6.

2) See p. 6 & 7.

3) See p. 8 ff.

4) The Customs Import Tariff was newly revised and promulgated by the President of the Chinese Republic on the 1st of August 1948, and enforced on the 7th of August 1948.

5) 1 Shih Tan = 50 Kgs.

IV. In connection with the revision of the standards of Fa Chin¹⁾ and Fa Huan²⁾ fines:

- A. The Regulations for Raising the Standards of Fa Chin and Fa Huan Fines shall be abrogated.
- B. Where the Fa Huan and/or Fa Chin fines prescribed in any law were originally to be governed by the provisions of the Regulations for Raising the Standards of Fa Chin and Fa Huan Fines, they shall now be imposed in Gold Yuan according to the original amounts as laid down in the law in question. The same standard shall apply when Fa Chin fines and penal servitude are alternative.
- C. Where the Fa Huan and/or Fa Chin fines prescribed in any law were originally not governed by the provisions of the Regulations for Raising the Standards of Fa Chin and Fa Huan Fines, the amounts prescribed therein shall first be readjusted according to the ratio between the index number of the wholesale commodity prices throughout the country for the first half of the month of August of the thirty-seventh year (of the Chinese Republic) and the same index number for the time when the law was promulgated; the fines shall then be converted into Gold Yuan at the prescribed rate. The amounts expressed in Gold Yuan shall be published by the competent authority.

V. Concerning the revision of standards for collecting fees:

Competent offices shall, by referring to prewar levels, revise the standards for various kinds of fees and report them to the competent Yuan for confirmation. The fees shall be collected in Gold Yuan.

EDITOR'S NOTES: 1) The term Fa Chin is used for a strictly penal fine under a criminal law; that is, a pecuniary punishment imposed by a lawful tribunal on a person convicted of crime or misdemeanour.

2) The term Fa Huan is used for a fine of a civil character under civil law, or of a fiscal character, imposed for breaches of taxation laws; in both cases it is imposed for offences which do not come under the penalties of the criminal law.

TABLE I

REVISED STARTING POINTS AND SCALES OF
TAXATION ON INCOMES OF VARIOUS CLASSES¹⁾

I. Starting Points and Rates of Taxation on Income
from Profit-seeking Enterprises.

a. Starting point of taxation: half yearly income amounting to
Gold Yuan one hundred and fifty dollars.

b. Tax rates:

1)	5%	on any income from GY\$150 up but less than GY\$250.		
2)	6%	on any part of the income in excess of GY\$	250 up to GY\$	400
3)	8%	.....	400 " "	750
4)	10%	.....	750 " "	1,500
5)	12%	.....	1,500 " "	3,000
6)	14%	.....	3,000 " "	6,000
7)	16%	.....	6,000 " "	12,000
8)	18%	.....	12,000 " "	25,000
9)	21%	.....	25,000 " "	50,000
10)	25%	.....	50,000 " "	100,000
11)	30%	.....	100,000	

For public utilities, industrial, mining or
transportation enterprises, the amount of tax payable at
the rates given above shall be reduced by ten per cent.

II. Starting Points and Rates of Taxation on Income
from Remunerations and Salaries or Wages.

A. - Section A: Tax on income from the
remuneration of professional
services or artistic work.

a. Starting point of taxation: annual income amounting to Gold
Yuan four hundred and eighty dollars.

b. Tax rate: three per cent.

EDITOR'S NOTE: 1) of. the Income Tax Law promulgated by the National
Government on the 1st of April 1943, which was
revised on the 14th of May 1943 (see Monthly
Bulletin Nos. XVII & XVIII - April & May 1943 -
Annexes I & LIII); and also the Table of the
Starting Points and Rates of Taxation on Incomes
of Various Classes for the Thirty-seventh Year
of the Chinese Republic (1948), promulgated by
the National Government on the 1st of April 1948
(Monthly Bulletin No. XVII - April 1948 - Annex IV).

B. - Section B. Tax on income from fixed salary or wages.

- a. Starting point of taxation: monthly income amounting to Gold Yuan forty dollars.
- b. Tax rates:
 - 1) 1% on any part of the income in excess of GY\$ 40 up to GY\$150
 - 2) 2% 150 " " 300
 - 3) 3% 300 " " 600
 - 4) 4% 600.

III. Starting Point and Rate of Taxation on Income from Lease of Property.

- a. Starting point of taxation: annual income amounting to Gold Yuan eighty dollars.
- b. Tax rate: four per cent.

IV. Starting Point, Rate of Taxation and Standard Net Profit on Temporary Income.

- a. Starting point of taxation: income amounting to Gold Yuan forty dollars.
- b. Tax rate: ten per cent.
- c. The income from temporary trade shall be the balance of the receipts from each sale of goods, after deducting ninety per cent thereof as cost and expenses.

TABLE II

REVISED STARTING POINT, SCHEDULE OF TAXATION AND DEDUCTIONS GRANTED ON INHERITANCE 1)

- a. The starting point of taxation on inheritance shall be changed into Gold yuan twenty thousand dollars.
- b. The amounts of exemption from the inheritance tax shall be revised as follows:
 - 1) Any total legacy amounting to less than Gold Yuan twenty thousand dollars.
 - 2) Property amounting to less than Gold Yuan forty thousand dollars, left by any officer or private of the army, navy or air force, or any government official, killed in battle or whose death resulted from wounds received when serving on the battlefield.

EDITOR'S NOTE: 1) of. the Inheritance Tax Law promulgated by the National Government on the 16th of April 1946 (Monthly Bulletin No. XI - October 1947 - Annex XXVIII).

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Annex No. LXI - Page 6

- 3) Properties not exceeding the amount of Gold Yuan ten thousand dollars, donated to schools, hospitals, or libraries.

c. The amounts to be deducted from the inheritance shall be revised as follows:

- 1) Five per cent of the total value of the inherited property may be set apart and exempted from the inheritance tax for each child under age or still being educated at the time of decease of the parent. But the amount set apart for each child shall not exceed Gold Yuan two thousand dollars.
- 2) All necessary expenses required for funeral services, but not exceeding Gold Yuan twenty thousand dollars.
- 3) Farm implements and working tools used in other occupations, of less than Gold Yuan two thousand dollars in value.
- 4) Any total legacy amounting to more than Gold Yuan two hundred thousand dollars shall not be governed by the provisions of the first paragraph of Article 6 of the (Inheritance Tax) Law concerning reduction or tax exemption.

IV. The scales of taxation on inheritance shall be revised as follows:

Where the total amount of the inherited properties exceeds Gold Yuan twenty thousand dollars, one per cent thereof shall be collected as tax. Where the total amount of the inherited properties exceeds Gold Yuan forty thousand dollars, the tax shall be collected on the part in excess according to the following schedule of progressive rates:

1)	2%	on any amount		
		In excess of GY\$	40,000 up to GY\$	80,000
2)	4%	.....	80,000 "	120,000
3)	6%	.....	120,000 "	180,000
4)	8%	.....	180,000 "	240,000
5)	16%	.....	240,000 "	350,000
6)	22%	.....	350,000 "	500,000
7)	30%	.....	500,000 "	800,000
8)	40%	.....	800,000 "	1,500,000
9)	50%	.....	1,500,000 "	2,000,000
10)	60%	.....	2,000,000	

TABLE III.

REVISED DUTY RATES UNDER ARTICLE 15
OF THE REVENUE STAMP DUTY LAW¹

CATEGORY I. - COMMERCIAL DOCUMENTS

1. Sales Invoices.

- Nature of Document : Any paper specifying names, quantities or prices of goods, issued by any public or private business or enterprise after transaction of business.
- Rate of Duty : For every \$10 contained in the price of the goods on the invoice, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.
- Party to Affix the Stamps : The party selling the goods.
- Exemption : Total amount less than \$3.

ANNOTATIONS : "Public or private businesses or enterprises" shall here be taken to include all profit-seeking enterprises whether companies, partnerships, or proprietorships, and also all public enterprises and enterprises jointly operated by public and private interests. Sales invoices shall include invoices, delivery notes, sales slips, warehouse receipts used for the sale of goods and evidence used in sales where no invoice is made, such as day-books of incoming goods, allotment books and sales contracts presented by the customer. On all these revenue stamps shall be affixed, according to this provision.

2. Receipts for Money or Goods.

- Nature of Doc.: Any written acknowledgment of the reception of money or goods, excluding receipts for deposits in banking institutions.
- Rate of Duty : For every \$10 contained in the amount specified on each receipt, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.
- Party to Affix the Stamps : The recipient of money or goods.
- Exemption : Total amount less than \$3. Receipts for relief money or supplies bestowed by charitable institutions shall also be exempted from the duty.
- ANNOTATION : Where a receipt for money is drawn up at the same time as an invoice for the same transaction and is attached on the back of the latter, revenue stamps may be affixed on either of the documents. But where there is any discrepancy between the amounts specified on the two documents, revenue stamps shall be affixed according to the higher amount.
- Revenue stamps shall be affixed in accordance with this provision, on all receipts issued for money or goods received on behalf of others, acknowledgment slips issued upon the receipt of money or goods and cash remittance notes. But the affixing of revenue stamps on documents issued by a bank collecting money on behalf of another bank purely for remittance purposes, shall follow the provisions of item 11 of this Table.

EDITOR'S NOTE: 1) The Revenue Stamp Duty Law was promulgated by the National Government on the 3rd of April 1948 (cf. Monthly Bulletin No. XVII - May 1948 - Annex LVI).

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Annex No. LXI - Page 8

3. Bills.

Nature of Doc. : Any paper specifying charges, issued by public or private business or enterprises to their customers, in request for payment.

Rate of Duty : For every \$10 contained in the amount specified on each bill, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$3.

ANNOTATION : Where a receipt for money is made out at the same time as a bill for the same transaction and is attached on the back of the latter, revenue stamps may be affixed on either of the documents. But where there is any discrepancy between the amounts specified on the two documents, revenue stamps shall be affixed according to the higher amount.

4. Books or Contracts Specifying Capital.

Nature of Doc. : Any book, contract, agreement, or bye-laws of the same effect as a contract, of a public or private business or enterprise and specifying its capital.

Rate of Duty : For every \$10 contained in the amount specified on each document, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$3.

ANNOTATION : Where share certificates, contracts, agreements or bye-laws have been issued and revenue stamps have already been affixed thereon, revenue stamps shall be affixed on books recording the capital amounts according to the provisions of item 14 of this Table for "Books Used for Business Purposes". Where two or more contracts have been made, revenue stamps shall be affixed on each of them according to its proportion of the capital.

5. Share Certificates and Debentures.

Nature of Doc. : Any registered or bearer certificate of stock, subscription form or registered or bearer debenture of any public or private business or enterprise, issued with the approval of competent government organizations.

Rate of Duty : For every \$10 contained in the amount specified on each document, a duty stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount of face value less than \$3.

6. Contracts of Loan or Indebtedness, or Deeds of Pledge.

Nature of Doc. : Any contract or paper prepared for a loan on credit, security, pledge or mortgage, or for acknowledgment of a debt in money or goods.

Rate of Duty : For every \$10 contained in the amount specified on each document, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix
the Stamps : The party issuing the Document.

Exemption : Total amount less than \$3.

ANNOTATION : The contracts and deeds mentioned in this item shall include discount certificates, overdraft contracts, contracts of loans on fixed or current mortgage, acceptances, fixed term promissory notes, fixed term promissory notes of native banks, certified cheques, bank transfer slips and certificates for loans between firms in the same trade, and documents in the acknowledgment of debts.

Where the term of the contract or deed exceeds 6 months, the duty rate laid down in this item shall be followed, i.e. for every \$10 a revenue stamp of \$3 shall be affixed. In the case of short term contracts or deeds: if the term is of less than 6 months, for every \$10 contained in the amount, a revenue stamp of \$2 shall be affixed; if the term is within 2 months for every \$10 contained in the amount, a revenue stamp of \$1 shall be affixed. But if a short term contract or deed has been prolonged more than twice, revenue stamps shall be affixed thereon according to the tax rate laid down in this item for the total length of the term.

If revenue stamps have already been affixed on the document of any principal debt, according to this item, revenue stamps shall be affixed on the document of its accessory debts according to the type in which they are classified. If no document has been established for the principal debt and that of the accessory debt has been substituted, then revenue stamps shall be affixed on it according to this item.

The creditor shall deduct from the loan the amount of the revenue stamps he has affixed on behalf of the borrower.

7. Insurance Documents.

Nature of Doc. : Any contract or paper issued by an insurance company to its client and stating the amount of indemnity to be paid against loss from any specified risk.

Rate of Duty : Where the amount on the policy is equivalent to or more than \$10 but less than \$300, a revenue stamp of \$2 shall be affixed; where the amount on the policy is equivalent to or more than \$300 but less than \$3,000, a revenue stamp of \$10 shall be affixed; where the amount on the policy is equivalent to or more than \$3,000 but less than \$30,000, a revenue stamp of \$40 shall be affixed; where the amount on the policy is equivalent to or more than \$30,000, a revenue stamp of \$1 shall be affixed.

Party to Affix
the Stamps : The party issuing the Document.

Exemption : Total insurance amount on each policy less than \$10.

ANNOTATION : The insurance documents mentioned in this item shall include all life, property, marine, fire, transportation and any other special kinds of insurance policies, either of long or short term. Where a provisional policy is used as a substitute, revenue stamps shall be affixed thereon according to the provisions for insurance policies.

Revenue stamps shall be affixed on receipts for premiums or indemnities according to the provisions for receipts. The insurance company shall deduct from the indemnity the amount of the revenue they have affixed on the receipts on behalf of the insured persons.

8. Contractor's Contracts or Contracts
for Taking Over Properties.

Nature of Doc. : Any contract or paper drawn up by contractors with another party for performing certain work on its behalf or any contract made by any one party with another party for taking over its various movable or immovable properties.

Rate of Duty : Where the amount on the contract is equivalent to or more than \$20 but less than \$300, a revenue stamp of \$2 shall be affixed; where the amount on the contract is equivalent to or more than \$300 but less than \$3,000, a revenue stamp of \$10 shall be affixed; where the amount on the contract is equivalent to or more than \$3,000 but less than \$30,000, a revenue stamp of \$40 shall be affixed; where the amount on the contract is equivalent to or more than \$30,000, a revenue stamp of \$1 shall be affixed.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount of money less than \$10.

ANNOTATION : The contracts mentioned in this item shall include various contracts for undertaking constructions, printing and publishing, and finishing processes on behalf of others.

Revenue stamps shall be affixed on receipts for payment for works undertaken or for properties taken over, according to the provisions for receipts for money.

9. Advance Orders for Purchase or Sale.

Nature of Doc. : Any advance orders for purchase or sale of movable or immovable properties in which rates of goods, prices agreed upon or amount of money and time limit for the purchase or sale are specified.

Rate of Duty : Where the amount on the contract is equivalent to or more than \$10 but less than \$300, a revenue stamp of \$2 shall be affixed; where the amount on the contract is equivalent to or more than \$300 but less than \$3,000, a revenue stamp of \$10 shall be affixed; where the amount on the contract is equivalent to or more than \$3,000 but less than \$30,000, a revenue stamp of \$40 shall be affixed; where the amount on the contract is equivalent to or more than \$30,000, a revenue stamp of \$1 shall be affixed.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$10.

ANNOTATION : The various contracts here mentioned shall include advance orders, orders, contracts for goods ordered, gift coupons¹⁾ issued by commercial stores, and photograph vouchers.

10. Contracts between Brokers and Commission
Agents and their Clients.

Nature of Doc. : Any contract or paper issued by a broker in order to gain a commission by doing business for others, whether in his own name or not, by notifying him of the opportunity to make a

EDITOR'S NOTE: 1) Gift coupons are "tokens" which can be exchanged by the recipient for goods.

contract, or acting as go-between in the making of a contract, or acting on behalf of another in any sale of moveable or immovable properties or in any other commercial transaction. Where the amount on the contract is equivalent to or more than \$10 but less than \$300, a revenue stamp of \$2 shall be affixed; where the amount on the contract is equivalent to or more than \$300 but less than \$3,000, a revenue stamp of \$10 shall be affixed; where the amount on the contract is equivalent to or more than \$3,000 but less than \$30,000, a revenue stamp of \$40 shall be affixed; where the amount on the contract is equivalent to or more than \$30,000, a revenue stamp of \$1 shall be affixed.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$10.

ANNOTATION : The contracts and papers here mentioned shall mean those made by general brokers, customs brokers, stock exchange brokers and various kinds of commission agents.

11. Certificates or Pass Books for Remittances, Savings Deposits and the Deposit or Withdrawal of Money.

Nature of Doc. : Any certificate or pass book issued by banking or savings institutions for receiving deposits or undertaking remittances; or any paper-prepared for the purpose of withdrawal, by those who have made remittances or savings deposits.

Rate of Duty : A revenue stamp of \$1 shall be affixed on each document; a revenue stamp of \$40 shall be affixed on each pass book each year; a revenue stamp of \$20 shall be affixed on each book for saving money or cash-cheque book.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$5. Cheques on the public treasury, cheques, promissory notes, promissory notes of native banks, and certificates and pass books for postal savings deposits shall be exempted from duty.

ANNOTATION : The documents and pass books here mentioned shall include deposit pass books, savings deposit books, cheque books, drafts, banker's drafts, receipts for money remittances, remittance forms, receipts for deposits, and monetary gift coupons issued by banks. But if any remittance form specifies the amounts of remittance charges and other fees received, revenue stamps shall be affixed thereon according to the provisions of item 2 of this Table. In the case of a draft, the recipient of the money shall be regarded as the party issuing the document.

12. Documents or Books for the Withdrawal of Goods.

Nature of Doc. : All personal or bearer documents or books issued by commercial firms or individuals for the return of goods which have been deposited for repair or ordered in advance.

EDITOR'S NOTE: 1) Monetary gift coupons are exchangeable for money.

MONTHLY BULLETIN NO. XX - Aug.-Sept. 1948 - Annex No. LXX - Page 12

Rate of Duty : A revenue stamp of \$4 shall be affixed on each document; a revenue stamp of \$40 shall be affixed on each book each year.

Party to Affix the Stamps : The party issuing the document.

Exemption : Total amount less than \$3.

ANNOTATION : The document and books mentioned in this item shall include cleaning and drying vouchers, and clock and watch repair vouchers. Where goods are sold without any invoice, if any of the documents mentioned in this item is used as a substitute, then revenue stamps shall be affixed thereon according to the provisions for sales invoices under item 1.

13. Contracts or Receipts for Deposit or Storage of Goods.

Nature of Doc. : Contracts or receipts issued by trust, warehousing or storage firms for the safe-keeping of the goods or documents of others.

Rate of Duty : A revenue stamp of \$10 shall be affixed on each receipt; a revenue stamp of \$40 shall be affixed on each contract.

Party to Affix the Stamps : The party issuing the document.

Exemption : Total amount less than \$3.

ANNOTATION : The contracts and receipts here mentioned shall include warehouse receipts, storage certificates and all kinds of safe-deposit receipts. Where warehouse receipts are used by commercial firms in the place of invoices for the sale of goods, then revenue stamps shall be affixed thereon according to the provisions for sales invoices under item 1.

14. Books Used for Business Purposes.

Nature of Doc. : Account books and books used in business by public or private firms or enterprises.

Rate of Duty : A revenue stamp of \$40 shall be affixed on each book each year.

Party to Affix the Stamps : The party issuing the document.

ANNOTATION : Where the capital amount is not stated on any separate capital account book, share certificate or agreement on which revenue stamps have been affixed, but is entered in the business books, then the book in which the amount of capital is stated, shall be the document subject to stamp duty as provided in item 4 of this Table. If any such account book combines two or more purposes, it shall bear duty according to the provisions of Article 9 of this Law. If books, leaves or bills or documents used within the firm are bound up together into books, revenue stamps shall be affixed thereon as provided in this item.

15. Contracts or Documents for Transportation.

Nature of Doc. : Documents or contracts for transportation issued by public or private transportation companies to clients who directly or indirectly consign the transportation of their goods to the companies, and bills of lading.

Rate of Duty : A revenue stamp of \$30 shall be affixed on each document or contract.

Party to Affix the Stamps : The party accepting the consignment for transportation.

Exemption : Total amount less than \$3. Contracts or documents for railway transportation shall be exempted from duty.
ANNOTATION : If the contract or document for transportation indicates the amount of transportation fee received and no separate receipt for money has been made out, revenue stamps shall be affixed on such contract or document as provided under the item of receipts for money.

16. Mandatory Documents.

Nature of Doc. : Documents mandating others to manage business or act as agents or undertake the conduct of affairs.
Rate of Duty : A revenue stamp of \$10 shall be affixed on each deed.
Party to Affix the Stamps : The party issuing the Document.

17. Admission Tickets to Places of Entertainment, Contests, or Exhibitions.

Nature of Doc. : Tickets for admission to various places of entertainment, contests or exhibitions, dance tickets 1), and earphone 2) tickets.
Rate of Duty : For every \$1 contained in the amount on each ticket, a revenue stamp of \$5 shall be affixed. Any fraction of \$1 shall be considered as \$1.
Party to Affix the Stamps : The party selling the ticket.
Exemption : Total amount less than \$10.
ANNOTATION : The places of entertainment mentioned in this item shall mean theatres, cinemas, singing and dancing halls and other amusement resorts.

CATEGORY II. - DOCUMENTS OF PROPERTY.

18. Documents for the Granting or Division of Property.

Nature of Doc. : Any paper prepared by the owner of a property to give the whole or a part of his property either inter vivos or causa mortis to his heirs or to others.
Rate of Duty : For every \$10 contained in the amount on each deed, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.
Party to Affix the Stamps : The party preparing the Document; in case of his failure to affix the stamps, the beneficiaries shall be held liable for them.
Exemption : Total amount less than \$10.

EDITOR'S NOTES: 1) A ticket entitling its holder to one dance with a dance partner at a cabaret.

2) For the earphones fixed to a seat in the cinema, by means of which the translation into the vernacular of the dialogue of a foreign film is communicated to the spectator.

ANNOTATION : The documents here mentioned shall include deeds of division of property, deeds of division of family properties, and testaments bequeathing properties. Where two or more copies of a deed of division of property are issued, each copy shall bear revenue stamps according to the amount allotted.

19. Certificates of Rights.

Nature of Doc.: Certificates of management of land, certificates of ownership of land and other certificates of rights issued by competent government organisations when undertaking the registration of immovable properties.

Rate of Duty : For every \$100 contained in the amount on each certificate, a revenue stamp of \$2 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The recipient.

Exemption : Total amount less than \$10.

ANNOTATION : The certificates here mentioned shall include certificates of ownership of land, certificates of management of land, and certificates of superficies, praedial servitudes¹⁾ and "Tien".

20. Documents of Tien, Sale, Transfer or Purchase of Property.

Nature of Doc.: Any document drawn up for Tien or sale, transfer or purchase of movable or immovable properties or securities.

Rate of Duty : For every \$100 contained in the amount on each deed, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Total amount less than \$10.

21. Documents Establishing Superficies or Praedial Servitudes.

Nature of Doc.: Any paper conferring a right to utilise land by building, constructing or planting bamboos or trees thereon, or to use another's land for the more convenient use of one's own land.

Rate of Duty : For every \$100 contained in the amount on each deed, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Exemption : Total amount less than \$10.

22. Renting or Lease Documents.

Nature of Doc.: Documents for the renting or lease of movable or immovable properties for a fixed or indefinite term.

EDITOR'S NOTES: 1) e.g. the right to get water from a well on another's land or right of way across it.

2) As defined in Book III, Ch.VIII, Article 911 of the Civil Code of the Chinese Republic: "Tien" is the right to possession, usage and usufruct of fixed property owned by another in return of a payment made to him.

Rate of Duty : For every \$100 contained in the amount on each contract or document, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The lessor.

Exemption : Total amount less than \$10.

ANNOTATION : The documents here mentioned shall include all those for renting of movable or immovable properties such as vehicles, vessels, wharves, land, houses. If the renting or lease contract is inserted in a book which is also used for collecting rents, revenue stamps shall be affixed on this pass book as provided in this item. Where no statement of the contract is made in the book, revenue stamps shall be affixed thereon as provided in item 14 of this Table.

23. Licences for the Use or Lease of Government Properties.

Nature of Doc. : Licences issued by competent government organisations permitting individuals or groups to use or lease government property.

Rate of Duty : For every \$100 contained in the amount on each licence, a revenue stamp of \$3 shall be affixed. Any fraction of \$1 shall be counted as \$1.

Party to Affix the Stamps : The recipient.

Exemption : Total amount less than \$10.

ANNOTATION : The licences here mentioned shall include licences for the use or lease of government properties or for the development of new land.

CATEGORY III. - DOCUMENTS ON PERSONAL AFFAIRS.

24. Certificates of Personal Status or Qualification.

Nature of Doc. : Certificates or licences issued by competent government organisations to identify the personal status or the qualifications of individuals.

Rate of Duty : A revenue stamp of \$50 shall be affixed on each certificate or licence.

Party to Affix the Stamps : The recipient.

Exemption : Census registers or registration forms and citizen's personal identification cards, naturalisation certificates and certificates of nationality for Chinese nationals abroad, shall be exempted from duty.

ANNOTATION : The certificates and licences here mentioned shall include certificates of lawyers, accountants, medical doctors, pharmacists, engineers and various technicians; stock exchange brokers' licences; certificates of the passing of all kinds of examinations, navigator's or Master's certificates; driving licences; aviator's certificates; certificates of assistant pharmacists, midwives and nurses.

25. Military Service Certificate.

Nature of Doc. : Certificates approved and issued by competent government organisations for postponement of service or of the call to service.
Rate of Duty : A revenue stamp of p50 shall be affixed on each certificate.
Party to Affix the Stamps : The recipient.

26. Graduation Diplomas or Certificates of Attendance.

Nature of Doc. : Graduation diplomas or certificates of attendance issued to students by public or private schools of various grades, or by various training classes, or lecture classes.
Rate of Duty : A revenue stamp of p10 shall be affixed on each diploma or certificate.
Party to Affix the Stamps : The recipient.
Exemption : Primary or pre-primary school graduation certificates or certificates of results of examinations issued by schools shall be exempted from the duty.

27. Matrimonial Certificates.

Nature of Doc. : All certificates relating to marriage.
Rate of Duty : A revenue stamp of \$1 shall be affixed on each certificate.
Party to Affix the Stamps : Both parties concerned.
Exemption : Marriage registration certificates issued by census offices shall be exempt.
ANNOTATION : The matrimonial certificates mentioned here shall include certificates of engagement, marriage, dissolution of engagement and divorce.

28. Contracts of Employment.

Nature of Doc. : All contracts employing persons to undertake work or accepting requests to render certain services.
Rate of Duty : A revenue stamp of p10 shall be affixed on each contract.
Party to Affix the Stamps : The party issuing the Document.
Exemption : Employment contracts issued by Government organs or schools shall be exempt.

29. Bonds of Guarantee.

Nature of Doc. : Bonds issued to guarantee persons as to behaviour and character or to guarantee that they will not perform certain specified actions; or to guarantee the quality of goods; or to guarantee the future handling and development of certain specified affairs; or to guarantee willingness to accept certain punishments.

Rate of Duty : A revenue stamp of \$50 shall be affixed on each bond.

Party to Affix the Stamp : The person guaranteed.

Exemption : Labourer's bonds of guaranty; bonds of guaranty for admission to school or to examination and bonds of guaranty of employees of government organisations are exempt.

ANNOTATION : The bonds here mentioned shall include bonds of guaranty, of security, of frankpledges or of formal engagements.

CATEGORY IV. - CERTIFICATES OF PERMISSION

30. Various Permits and Licences.

Nature of Doc. : Permits issued by competent government organisations for purposes other than collecting taxes or duties.

Rate of Duty : A revenue stamp of \$40 shall be affixed on each certificate or licence; a revenue stamp of \$10 shall be affixed on each certificate of registration of patent or of a financial, loan or insurance business.

Party to Affix the Stamp : The recipient.

ANNOTATION : The permits and licences here mentioned shall include all permits, certificates or licences issued for purposes other than taxation; such as various business licences, registration certificates, patents, trademark registration certificates, export or import permits, licences for purchasing or selling specified goods, mining, fishing or publishing licences, certificates that goods have been examined and found up to standard, etc. The collection of the cost of the permit, certificate or licence issued, service fees or registration fees shall not be regarded as taxation.

31. Certificates or Licences of Vehicles, Vessels or Aeroplanes.

Nature of Doc. : Certificates or licences of vehicles, vessels or aeroplanes, issued by competent government organisations for purposes other than collecting taxes or duties.

Rate of Duty : A revenue stamp of \$1 shall be affixed on each certificate or licence.

Party to Affix the Stamp : The recipient.

ANNOTATION : The certificates and licences here mentioned shall include certificates of the nationality of vessels, and the business licences of ships or other vessels, automobiles, motor-cars, vehicles drawn by animals, or aeroplanes.

EDITOR'S NOTE: 1) A vehicle like a rickshaw but attached to a bicycle.

32. Permits to Carry Arms for Self-defence
or Hunting.

Nature of Doc. : Permits issued to individuals by competent government organisations for carrying arms for self-defence or hunting.
Rate of Duty : A revenue stamp of \$50 shall be affixed on each permit.
Party to Affix
the Stamps : The recipient.

33. Transportation Permits.

Nature of Doc. : Permits issued by competent government organisations for the transportation of commodities or of duty-free goods.
Rate of Duty : A revenue stamp of \$50 shall be affixed on each permit.
Party to Affix
the Stamps : The recipient.
ANNOTATION : The permits here mentioned shall include those for transporting luggage, special duty-free goods, coffins (containing corpses) or money.

34. Travel Permits.

Nature of Doc. : Passports or permits issued by competent government organisations for travelling inside the country, or as exit visas, or for studying or residing abroad.
Rate of Duty : A revenue stamp of \$20 shall be affixed on each passport or permit to be used inside this country; a revenue stamp of \$1 shall be affixed on each passport or permit to be used in foreign countries.
Party to Affix
the Stamps : The recipient.
Exemption : Diplomatic passports are exempt.

CATEGORY V. - VARIA.

35. Receipts or Books for the Remuneration
of Services.

Nature of Doc. : Receipts or books issued by government officials, teachers or school staff members or persons engaged in various professions on the receipt of their salaries, or issued by persons engaged in the liberal professions as receipts for the remuneration of their professional or artistic services.
Rate of Duty : For every \$10 contained in the amount on each receipt or pass book, a revenue stamp of \$1 shall be affixed. Any fraction of \$1 shall be counted as \$1.
Party to Affix
the Stamps : The recipient.
Exemption : Receipts for the pay or remuneration of private or non-commissioned soldiers or policemen shall be exempted from duty. Where the total monthly income of other employees or

labourers is less than \$20, the receipts for their salaries, wages, or remuneration shall also be exempted from duty.

ANNOTATION : The remuneration of services here mentioned shall include all salaries, allowances, annual pensions, bounties, retirement pensions, old age pensions and other grants. Sums drawn by persons in public services for expenses incurred in the performance of their duties are not included here.

36. Documents of Application or Petition..

Nature of Doc. : All statements, petitions or applications claiming certain rights or benefits, submitted by individuals or groups to government organisations

Rate of Duty : A revenue stamp of \$10 shall be affixed on each document.

Party to Affix the Stamps : The party issuing the Document.

Exemption : Applications submitted by students or soldiers and applications for registration of land shall be exempt.

ANNOTATION : The documents here mentioned shall include applications for import or export permits, for settling foreign exchange accounts or purchasing foreign exchange, bills of entry used by importers or exporters, applications by foreigners for naturalisation and all other applications for claiming rights or benefits.

(End)

U N I V E R S I T E L A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu, (Dobail)
Tel: 95761

Revised Texts of Articles 3, 4 and 5
of the Commodity Tax Regulations,

Annex No.: LXII

Promulgated by Presidential Decree
on the 30th of July 1948,

Annex Concerned:
No. LVIII.

Published in the Weekly Review of
Laws (Fa Ling Chou K'an),
August 11th 1948.

Number of pages: 2

Remarks:

REVISED TEXTS OF ARTICLES 3, 4 and 5
OF THE COMMODITY TAX REGULATIONS¹⁾

Article 3.

The following commodities shall be subject to
the commodity tax:

- 1) Rolled Tobacco: comprising all kinds of Cigarettes
made with rolls of tobacco enclosed in cigarette paper,
Cigars made with tobacco leaves, as well as Foreign-
style Tobacco.
- 2) Blue-cured Tobacco Leaf.
- 3) Foreign Wines and Beer: comprising all kinds of for-
eign-style wines manufactured in this country, with the
exception of alcohol.
- 4) Matches: including both those made with phosphorus sul-
phide and safety matches.
- 5) Sugar: including brown and white sugar, orange sugar,
crystal sugar, cube sugar, lump sugar and refined sugar.
- 6) Cotton Yarn: comprising machine-made unbleached cotton
yarn, singed cotton yarn, cotton yarn waste, yarn made
with artificial cotton and all other kinds of cotton
yarn.
- 7) Woollen Yarn and Woollen Thread: comprising woollen yarn
and woollen thread, and yarns and threads made from wool
mixed with other fibres.
- 8) Furs.

EDITOR'S NOTE: 1) The Commodity Tax Regulations were promulgated
by the National Government on the 2nd of April
1948 (cf. Monthly Bulletin No. XIX-June-July
1948-Annex LVIII).

The present revision concerns chiefly the
tax rates in Article 4, as only very slight
changes have been brought in Articles 3 and 5.

MONTHLY BULLETIN No. XX - Aug. Sept. 1948 - Annex No. LXII - Page 1

- 9) Cement.
- 10) Beverages: comprising aerated water, fruit juices and syrups.
- 11) Tin Foil and Paper used for Superstitious Purposes: referring to all kinds of tin foil and paper used for superstitious purposes.
- 12) Cosmetics: including hair pomade, brilliantine, face powder, rouge, shaving soap, lipstick, perfume, nail polish and eyebrow pencil.

Article 4.

The rates of the commodity tax shall be as follows:

1) Rolled Tobacco:	120% ad valorem
2) Flue-cured Tobacco Leaf:	30% " "
3) Foreign Wines and Beer:	120% " "
4) Matches:	20% " "
5) Sugar:	25% " "
6) Cotton Yarn:	10% " "
7) Woollen Yarn and Woollen Thread:	15% " "
8) Furs:	15% " "
9) Cement:	15% " "
10) Beverages:	30% " "
11) Tin Foil and Paper used for Superstitious Purposes:	60% " "
12) Cosmetics:	45% " "

Article 5.

The taxable value of a commodity subject to the commodity tax shall be computed on the average of its wholesale prices for one month in the markets near the producing region.

The above-mentioned average wholesale price covers:

- (a) The taxable value of the commodity concerned;
- (b) The original commodity tax to be paid, i.e. the tax rate to be applied to the taxable value of that commodity;
- (c) The expenses for transporting the commodity from the producing region to a nearby market, being fixed at ten per cent of the taxable value.

The formula for computing the taxable value shall be as follows:

The assessed taxable value =
average wholesale price on markets near the producing region X 100,
divided by (100 + tax rate on the commodity concerned + expenses for
transporting from the producing region to a nearby market i.e. 10)

All goods whose price has been agreed on by a government office may be dealt with according to the provisions of the preceding paragraph, taking the agreed price as the basis for computing the taxable value.

In order to facilitate the examination of goods subject to commodity tax and the levying of the tax, the Ministry of Finance may, after consideration of the circumstances, adopt a graded tax; the method of calculating the grades shall also be laid down by the Ministry of Finance.

(End)

MONTHLY BULLETIN NO.XX - Aug.-Sept. 1948 - Annex No.LXII - Page 2